

House Bill 2977
Relating to construction labor contractors

House Bill 2977 requires construction labor contractors to be licensed by the Bureau of Labor and Industries. The measure brings construction labor contractors under the same statutes as the farm labor contractor law in response to abuses of unpaid wages to workers in the construction industry. The purpose of the measure is to increase awareness of and compliance with the state's wage and hour laws and employee protections of the construction labor workforce and to protect legitimate construction businesses from being undercut by illegal practitioners.

The Transportation and Economic Development Subcommittee approved an amendment removing staffing agencies that pay workers' compensation coverage and income taxes from the licensing requirements of the measure. The fiscal impact of the measure is indeterminate because the number of potential licensees and possible fee revenues is not measurable at this time.

The Transportation and Economic Development Subcommittee recommends HB 2977 be amended and reported out do pass, as amended.

Joint Committee on Ways and Means

Carrier – House: Rep. Read
Carrier – Senate: Sen. Hansell

Revenue:

Fiscal: Fiscal statement issued

Action: Do Pass the A-Engrossed Measure as Amended and be Printed B-Engrossed

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Susie Jordan, Legislative Fiscal Office

Meeting Date: June 6, 2013

WHAT THE MEASURE DOES: Requires construction labor contractors to be licensed by the Commissioner of the Bureau of Labor and Industries. Establishes licensing requirements, fees and exceptions. Directs the Commissioner to administer and enforce licensing and regulatory requirements and to adopt rules. Establishes grounds for denying, suspending and revoking licenses. Specifies duties of construction labor contractors. Authorizes the Commissioner to assess civil penalties for violations. Prohibits certain actions and discrimination against employees. Creates a cause of action against persons acting as construction labor contractors without a license and against persons using an unlicensed contractor. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Prevalence of wage theft among construction labor contractors
- Impact on Temporary Staffing Businesses

EFFECT OF COMMITTEE AMENDMENT: Adds exemption for staffing agencies who pay workers compensation insurance premiums and employment taxes.

BACKGROUND: Under current law, farm labor contractors must be licensed with the Bureau of Labor and Industries (BOLI) and are subject to examination, insurance and bonding requirements and BOLI is authorized to assess civil penalties not to exceed \$2,000 for violations. House Bill 2977-A brings construction labor contractors under the same statutes as farm labor contractors.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2977 - B

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Krista McDowell
Reviewed by: Susie Jordan
Date: 6/6/2013

Measure Description:

Requires construction labor contractors to be licensed by Commissioner of Bureau of Labor and Industries.

Government Unit(s) Affected:

Bureau of Labor and Industries (BOLI)

Summary of Expenditure Impact:

See Analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The bill, as amended, brings construction labor contractors under the same statutes as farm labor contractors; exemptions are provided for temporary service providers and staffing agencies. The Commissioner of the Bureau of Labor and Industries (BOLI) would be required to administer and enforce licensing and regulatory requirements as well as adopt rules related to licensing of construction labor contractors. The proposed broader scope of statute would apply to an unknown number of previously unlicensed and unregulated contractors operating in the state of Oregon.

The Legislative Fiscal Office (LFO) anticipates that enactment of the proposed legislation would have a fiscal impact to BOLI. However because the number of potential licensees is unknown, the possible increase in workload and expenses in addition to possible fee revenue, are not measurable at this time. Therefore LFO believes that the ramifications of this measure are not fully understood and the fiscal impact is indeterminate.

Recent data published on Oregon Employment Department website shows an average of 797 private sectors "Temporary Help Services", which are covered by unemployment insurance, in 2012. With the bill as amended, these labor contractors would be exempt from the proposed legislation and possible resulting license fees.

Additionally, the bill does not address specific fees which may be charged to labor contractors for licensing, endorsement or renewals. The current fee schedule in ORS 658.413 only specifies fees for farm labor contractors. Fees and fee amounts would need to be determined in order to project potential Other Funds revenue increases to BOLI. Assuming the fee is established at the same rate as farm labor contractor licenses of \$150, removing the 797 Temporary Help Service providers would reduce the potential revenue for the program by \$119,550.

HB 2977-A6
(LC 833)
6/3/13 (CJC/sct/ps)

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2977**

1 On page 2 of the printed A-engrossed bill, line 13, delete “or”.

2 In line 14, delete the period and insert “; or

3 “(K) A staffing agency whose primary purpose is to provide workers to
4 the client employers of the agency under the terms of a client agreement, if
5 the agency provides workers’ compensation coverage for all employees as
6 required by ORS chapter 656 and pays employment and income taxes in ac-
7 cordance with applicable law.”.

8
