

Pacific Northwest Regional Council of Carpenters

Affiliated with
United Brotherhood of Carpenters and Joiners of America



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Members of the House of Representatives
Oregon House of Representatives
Salem, Oregon

HB 2977 B-Engrossed addresses wage theft in the construction industry. The United Brotherhood of Carpenters and Joiners of America urges you to vote in favor of this important bill.

Our Council represents five trades with approximately 29,000 members.

Wage theft is the underpayment or non-payment of wages due employees for the work they have already performed. Wage theft also denies revenue to the state because taxes are not paid on wages withheld or paid under the table. Similarly, workers' compensation and unemployment insurance are not paid. This leaves the state and taxpayers unfairly burdened when employees of the labor broker get hurt or laid off. Wage theft also creates an uneven playing field for honest and law abiding brokers and employers who must compete against wage thieves.

Wage theft is pervasive in the construction industry. Although the construction industry comprises less than five percent of Oregon's work force, it is responsible for close to twenty percent of wage claims filed with the Bureau of Labor and Industries. Labor brokers who provide just labor to construction contractors are a primary source of this wage theft. Our industry is harmed as a whole by the cheating that occurs when contractors do not pay the wages and benefits required by state law. Furthermore, Labor Brokers harm society as a whole from the workers they cheat to the state coffers that they rob of revenue.

HB 2977 tackles the problem of this underground economy by requiring construction labor brokers to get a license and post a bond. The licensing requirement will educate labor brokers as to their employer responsibilities. Workers who are not paid can recover their wages through the bond.

This approach to deterring wage theft by labor brokers is not new. Several decades ago, the agriculture and forestry industry was plagued by a similar labor broker structure. The legislature acted by requiring labor brokers in agriculture to be licensed and to post a bond. The law has decreased violations in agriculture, and it makes sense to extend the same proven system to labor brokers in the construction industry. HB 2977 folds construction labor brokers into the time tested Farm Labor Contractor statute.

Traditional construction contractors, i.e., those who have a contract with the land owner, who provide substantial building materials or heavy equipment, or who file for building permits, are exempt from licensing and bonding.

We understand that the Bill was amended under a compromise between the proponents, the Northwest Workers' Justice Project and the Oregon Coalition to Stop Wage Theft and a primary entity originally opposing the bill, the Oregon Staffing Association, to exclude staffing agencies who follow the law.

Again, we urge you to vote in favor of HB 2977 B Engrossed. It will address and reduce wage theft in an industry and among labor brokers where it is an identifiable and particular problem.

Respectfully,

Ronald E Robbins
OR/SW WA Regional Manager

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