

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 3115 - A**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***

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**Measure Description:**

Requires contracting agencies to require a specified percentage of hours on public improvement contracts to be performed by apprentices when a contract involves apprenticeable positions; Requires that contracting agencies retain a percentage of contract payments and deduct \$20 per hour for each hour that a contractor does not attain the specified percentage of apprentice hours; Requires amounts subtracted from retained funds to be deposited in the State Apprenticeship Education and Training Fund.

**Government Unit(s) Affected:**

Bureau of Labor and Industries (BOLI), Department of Administrative Services (DAS), Department of Aviation, Department of Community Colleges and Workforce Development, Department of Corrections, Department of Education, Department of Human Services (DHS), Department of Veterans' Affairs, Housing and Community Services Department, Oregon Department of Fish and Wildlife (ODFW), Oregon Department of Transportation (ODOT), Oregon Health Authority (OHA), Oregon Liquor Control Commission (OLCC), Oregon Military Department, Oregon Parks and Recreation Department (OPRD), Oregon University System (OUS)

**Summary of Expenditure Impact:**

Please 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 measure as amended requires contracting agencies to notify prospective bidders and proposers on public improvement projects over \$5 million that the contracting agency will require each contractor and subcontractor to employ apprentices who are participating in apprenticeship and training programs for at least 10% of the total work hours that workers in apprenticeable occupations perform on the entire public improvement project or under each contract or subcontract over \$500,000. The measure requires that a state contracting agency retain up to 3% of the contract value due to a contractor and subtract from those amounts \$20 for each hour subject to apprenticeship hours for which an apprentice is not employed. Upon completion of the contract, retained funds, less those amounts subtracted for underutilization of apprentices will be paid to the contractor. The amounts subtracted shall be paid to the State Apprenticeship Education and Training Fund. As of January 1, 2017, the measure changes the public improvement cap limit to \$3 million, \$300,000 sub-contract and 15% apprenticeship work hours.

The fiscal impact of the measure is indeterminate due to an unknown number of upcoming projects and the unknown scope and therefore, amount of apprenticeable hours applicable. The required use of apprentices, additional retained amounts, and administrative overhead for contractors is anticipated by state contracting agencies to increase the overall cost of public improvement contracts. The amount of increase is unknown, but is estimated to be as much as 3% over contracts under current statute. The administrative cost to state contracting agencies is expected to be minimal.