

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 809 - A**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***

---

Prepared by: Theresa McHugh  
Reviewed by: Michelle Deister, Krista McDowell, Paul Siebert  
Date: May 28, 2015

---

**Measure Description:**

Requires bidder that submits bid for contract for public works with specified contract prices to demonstrate responsibility by belonging to local joint committee whose training agents employed apprentices for 10 percent or more of hours that training agents' employees worked on contracts in previous calendar year or by having employed apprentices for 10 percent or more of hours that bidder's employees worked on contracts during previous calendar year.

**Government Unit(s) Affected:**

Bureau of Labor and Industries (BOLI), Cities, Counties, Department of Administrative Services (DAS)

**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 requires, beginning January 1, 2017, that bidders for public contracts of \$5 million or more demonstrate responsibility by employing apprentices for 10 percent or more of the contract hours during the previous calendar year or by belonging to a local joint committee whose training agents, in aggregate, employed apprentices for 10 percent or more of the hours that the training agents' employees worked on contracts in the previous calendar year. The contract amount triggering this provision is lowered to \$3 million effective January 1, 2021.

The bill grants new authority to and establishes additional requirements of the Commissioner of the Bureau of Labor and Industries (BOLI). This includes establishing, by rule, a program to ensure that contractors are complying with reporting requirements; setting the percentage at which a public agency may determine responsibility of a bidder for a public works contract; requiring a review of the percentages at least once every other year; and publishing specified information on the BOLI website. In addition, the bill requires the Commissioner to make a recommendation to the Legislature by December 31, 2022 on whether there should be a reduction in the contract price that triggers the requirements in this bill.

The bill requires contracting public agencies to ensure that contractors with bids of \$5 million or more demonstrate responsibility as described in the law, including the provisions in this measure. Further, contractors must ensure that subcontractors also meet these standards. Contractors and subcontractors must send a monthly compliance report to the contracting agency in accordance with rules to be established by the Commissioner. An exemption is granted to the Oregon Department of Transportation, which already has an incentive program designed to achieve effects similar to those in the measure.

While the measure establishes additional requirements on BOLI and public agencies, in general, the costs are largely indeterminate at this time. While the resource need for BOLI will not be completely clear until the agency begins implementing the measure, the agency has stated that they believe that the additional work required under the bill creates the need for an additional full-time Operations and Policy Analyst 2 position at a total cost, including associated services and supplies, of approximately \$190,000 General Fund per biennium. The agency also notes that they may see an increase in the

number of audits that will need to be conducted by their Prevailing Wage Rate Unit because the measure creates a new type of violation. Should a new compliance position become necessary, it is unlikely that it will be needed until the 2017-19 biennium at the earliest. The cumulative total of all new measures affecting BOLI, as well as the anticipated workload for the agency, needs to be reviewed later in the Session to determine what total adjustments should be made to the agency's budget.

Counties and cities expect a fiscal impact in the tens of thousands of dollars due to the additional recordkeeping and compliance requirements, but indicate that costs are likely to vary from one geographic area to another. They also point out that there may be additional project costs and longer timelines for projects to be completed if the measure results in fewer eligible bidders. The Department of Administrative Services also believes that there would be additional costs as a result of the measure, but estimates that such costs would be minimal for themselves, as well as for state agencies with independent procurement authority.