

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2408 - 5

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

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

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Measure Description:

Defines "funds of a public agency," for purposes of applying prevailing rate of wage to projects for public works, to include tax credits or tax abatements that contractor engaged in public works project receives from state in connection with project.

Government Unit(s) Affected:

Bureau of Labor and Industries (BOLI), Statewide, Cities, Counties

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

The measure would expand the definition of public works to include any project for constructing, reconstructing, or performing a major renovation of a privately owned road, highway, building, structure, or improvement of any type if it: (1) is located in an enterprise zone; (2) consists of or is sited on real property for which a qualified business firm has received or will receive an exemption from ad valorem property taxation; and (3) has a total project cost that the public agencies that fund the project reasonably estimate will equal or exceed \$30 million. It would also include the value of ad valorem property taxation as "funds of a public agency." The measure would clarify that a person who must pay a prevailing rate of wage of public works may not divide a public works project to avoid compliance with the law. The measure would also require that contractors and subcontractors who are party to a public works must submit certified statements to the public agencies that provided public funds or that will occupy or use at least 25 percent (25%) of the square footage of the completed project. A participating sponsor of an enterprise zone would also be entitled to receive a certified statement from the contractors and subcontractors. The measure would take effect upon passage and would apply to any contract for public works that a public agency enters into on or after 91 days after the measure's effective date.

Statewide, Cities and Counties:

The measure would have a minimal fiscal impact on state government.

The Legislative Fiscal Office (LFO) believes that this measure may have a fiscal impact on Cities and Counties. LFO requested, but has not received, fiscal impact information from the League of Oregon Cities (LOC) and the Association of Oregon Counties (AOC). In absence of this information, the fiscal impact to Cities and Counties is indeterminate. If fiscal impact information is provided by LOC and AOC, LFO will issue a revised fiscal impact statement.

Bureau of Labor and Industries (BOLI):

In addition to amending the prevailing wage rate (PWR) rules, BOLI would potentially experience an increase in requests from interested parties for coverage determinations, which are agency orders that may be contested through the administrative process. BOLI also anticipates that the measure would increase the number of

complaints that are lodged against contractors that are subject to the new definition of “public works.” An increase in complaints could likewise increase the number of PWR cases that need to be adjudicated in an administrative hearing, which would increase the workload of the Administrative Prosecution Unit within BOLI.

Given that the magnitude of new requests and/or complaints is unknown, the potential costs of this measure are indeterminate. If the magnitude of new requests and/or complaints were to exceed the capacity of the five compliance specialists that investigate PWR violations and analyze coverage determination issues, BOLI would need to return to the 2020 Legislative Session or the Emergency Board for consideration of this issue.