

HB 2597 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/10

WHAT THE MEASURE DOES:

Reduces the number of prevailing wage rate regions from 14 to 5. Becomes operative January 1, 2022. Takes effect 91st day following adjournment *sine die*.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Under Oregon law, a worker performing work on a public works project must be paid at least the prevailing wage rate. The purposes of the prevailing wage laws, as provided in ORS 279C.805, are as follows:

- Ensure that contractors compete on the ability to perform work competently and efficiently while maintaining community-established compensation standards.
- Recognize that local participation in publicly financed construction and family wage income and benefits are essential to the protection of community standards.
- Encourage training and education of workers to industry skills standards.
- Encourage employers to use funds allocated for employee fringe benefits for the actual purchase of those benefits.

The Bureau of Labor and Industries determines the prevailing wage rate for each specific trade in 14 regions. Though there are exemptions, public works projects are generally covered by the state's prevailing wage if the total project cost exceeds \$50,000 and the project is for construction, reconstruction, major renovation or painting projects in which public agency performs or contracts for. Any project, public or private, for construction, reconstruction, major renovation or painting that uses at least \$750,000 in public funds is subject to prevailing wage rate requirements. Also subject to prevailing wage requirements are private projects in which one or more public agencies will occupy or use at least 25 percent of the project's square footage. Solar projects on property owned by a public body are also subject. Finally, projects on real property owned by a public university are subject.

In 1977, the Legislative Assembly established 14 regions in which prevailing wage rates would be determined. Chapter 797, Oregon Laws 1977. Prior to 1977, the worker was to be paid the prevailing wage for the locality that was the "largest city in the county or counties in which the public work is to be performed."

House Bill 2597 reduces the 14 prevailing wage rate regions to five. The five regions align with the regions used by the Oregon Department of Transportation except for a small northwest section of Washington County.