

## **SB 639 STAFF MEASURE SUMMARY**

### **Senate Committee On Labor and Business**

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**Prepared By:** Tyler Larson, LPRO Analyst

**Meeting Dates:** 3/11

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#### **WHAT THE MEASURE DOES:**

Changes minimum contract price at which prevailing rate of wage applies to public works projects from \$50,000 to amount that Oregon Department of Administrative Services determines by rules. Requires department to set contract price at \$64,000 for year ending December 31, 2022 and each year by March 31 to establish new contract price that reflect percentage change in U.S. City Average Consumer Price Index for previous calendar year. Becomes operative January 1, 2022. Takes effect on 91st day following adjournment *sine die*.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

No amendment.

##### **BACKGROUND:**

The prevailing wage rate (PWR) is the hourly wage, including all fringe benefits, that the Commissioner of the Bureau of Labor and Industries (BOLI) determines is paid in the locality and to the majority of workers employed in a specific trade on similar projects. The purpose of the PWR is to ensure that contractors compete on their ability to perform work competently and efficiently while maintaining community-established compensation standards, to encourage the training and education of workers in industry skill standards, and to encourage employers to use the funds required by the PWR law for the purchase of fringe benefits like health insurance. Contractors and subcontractors must pay the PWR to workers on certain public works projects.

Current law exempts public works projects for which the contract price does not exceed \$50,000 from the application of the PWR. Senate Bill 639 replaces the exemption threshold of \$50,000 with an amount that the Oregon Department of Administrative Services specifies by rule. The exempt contract amount must be \$64,000 for the 2022 calendar year, and must be adjusted by March 31 each year thereafter to reflect the percentage change in the U.S. City Average Consumer Price Index.