

## SB 594 STAFF MEASURE SUMMARY

### House Committee On Business and Labor

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**Prepared By:** Erin Seiler, LPRO Analyst

**Meeting Dates:** 4/19, 5/3

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#### WHAT THE MEASURE DOES:

Expands definition of "public works" to include demolition or removal of hazardous waste related to road, highway, building, structure, or improvement of any type that: public agency contracts or carries on to serve public interest; uses \$750,000 or more in public funds of public agency; occurs with or without public agency funds on property owned by a public university; or that uses more than \$750,000 in public agency funds or occurs on real property owned by state agency, but does not involve constructing, reconstructing, renovating or painting a road, highway, building, structure, or improvement. Becomes operative on January 1, 2024. Applies to procurements that contracting agency solicits or advertises or, if there is no advertisement or solicitation, to public improvement or public works contracts that contracting agency enters on or after operative date. Takes effect on 91st day following adjournment sine die.

Fiscal Impact: Indeterminate, statement issued

Revenue Impact: No

Senate Floor Vote: Ayes: 17; Nays: 12 - Anderson, Bonham, Boquist, Findley, Girod, Hansell, Hayden, Knopp, Linthicum, Smith DB, Thatcher, Weber; Excused: 1

#### ISSUES DISCUSSED:

- Meaning of hazardous waste
- Impact on retention laborers and laborer workforce
- Application of requirement to current procurements
- Examples of demolition or hazardous waste removal projects excluded under existing law
- Excluding demolition-only projects from requirement to pay prevailing wage
- Scope of work for Laborers includes structural demolition and hazardous waste removal
- Training and skill acquisition for Laborers
- Possible changes in federal requirements

#### 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 to the majority of workers employed in a specified trade or occupation. Contractors and subcontractors must pay the PWR to workers on certain public works projects. Oregon is one of 26 states, along with the District of Columbia and the federal government, that adopt and administer PWR requirements for certain public projects. The Commissioner is required to determine the PWR at least once each year. The PWR for a trade or occupation is the wage established in a collective bargaining agreement (CBA) for that locality. If there is more than one CBA in a locality, then the highest wage rate among the CBAs prevails.

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. Private projects for

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construction, reconstruction, major renovation, or painting that use at least \$750,000 in public funds are subject to prevailing wage rate requirements. Projects 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, projects on real property owned by a public university, and solar projects on property owned by a public body. Projects for residential construction that are privately owned and that predominantly provide affordable housing are exempt from PWR requirements; these projects include single-family houses and apartment buildings not exceeding four stories.

Senate Bill 594 expands the definition of public works for purposes of the PWR to include demolition or removal of hazardous waste related to road, highway, building, structure, or improvement of any type that: a public agency contracts or carries on to serve the public interest; uses \$750,000 or more in public funds of a public agency; occurs with or without public agency funds on property owned by a public university; or that uses more than \$750,000 in public agency funds or occurs on real property owned by a state agency, but does not involve constructing, reconstructing, renovating or painting a road, highway, building, structure, or improvement.