

Senate Bill 742

Sponsored by Senator HANSELL

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

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 rule. Specifies that department must set contract price at \$64,000 for year ending on December 31, 2024, and each year by March 31 must specify new contract price that reflects percentage change in U.S. City Average Consumer Price Index for previous calendar year.

Becomes operative January 1, 2024.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to an increase in the contract price at which the prevailing rate of wage applies to a
3 contract for public works; creating new provisions; amending ORS 279C.810; and prescribing an
4 effective date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 279C.810 is amended to read:

7 279C.810. (1) As used in this section:

8 (a) "Funds of a public agency" does not include:

9 (A) Funds provided in the form of a government grant to a nonprofit organization, unless the
10 government grant is issued for the purpose of construction, reconstruction, major renovation or
11 painting;

12 (B) Building and development permit fees paid or waived by the public agency;

13 (C) Tax credits or tax abatements;

14 (D) Land that a public agency sells to a private entity at fair market value;

15 (E) The difference between:

16 (i) The value of land that a public agency sells to a private entity as determined at the time of
17 the sale after taking into account any plan, requirement, covenant, condition, restriction or other
18 limitation, exclusive of zoning or land use regulations, that the public agency imposes on the de-
19 velopment or use of the land; and

20 (ii) The fair market value of the land if the land is not subject to the limitations described in
21 sub-subparagraph (i) of this subparagraph;

22 (F) Staff resources of the public agency used to:

23 (i) Manage a project or to provide a principal source of supervision, coordination or oversight
24 of a project; **or**

25 [(G)] **(ii)** [*Staff resources of the public agency used to*] Design or inspect one or more components
26 of a project;

27 [(H)] **(G)** Moneys derived from the sale of bonds that [*are loaned by*] a state agency **lends** to a
28 private entity, unless the moneys will be used for a public improvement;

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 [(I)] (H) Value added to land as a consequence of a public agency’s site preparation, demolition
 2 of real property or remediation or removal of environmental contamination, except for value added
 3 in excess of the expenses the public agency incurred in the site preparation, demolition or remedi-
 4 ation or removal when the land is sold for use in a project otherwise subject to ORS 279C.800 to
 5 279C.870; or

6 [(J)] (I) Bonds, or loans from the proceeds of bonds, issued in accordance with ORS chapter 289
 7 or ORS 441.525 to 441.595, unless the bonds or loans will be used for a public improvement.

8 (b) “Nonprofit organization” means an organization or group of organizations described in sec-
 9 tion 501(c)(3) of the Internal Revenue Code that is exempt from income tax under section 501(a) of
 10 the Internal Revenue Code.

11 (2) ORS 279C.800 to 279C.870 do not apply to:

12 (a)(A) [Projects] **A project** for which the contract price does not exceed [\$50,000.] **an amount**
 13 **that the Oregon Department of Administrative Services specifies by rule. For purposes of**
 14 **specifying the contract price in accordance with this subparagraph, the department shall set**
 15 **the price at \$64,000 for the calendar year that ends on December 31, 2024. Each year not later**
 16 **than March 31, the department shall calculate a new contract price, the percentage of**
 17 **change in which must reflect the percentage of change during the previous calendar year in**
 18 **the U.S. City Average Consumer Price Index, rounded to the nearest dollar.**

19 (B) In determining the **contract** price of a project, a public agency:

20 [(A)] (i) May not include the value of donated materials or work performed on the project by
 21 individuals volunteering to the public agency without pay; and

22 [(B)] (ii) Shall include the value of work performed by every person paid by a contractor or
 23 subcontractor in any manner for the person’s work on the project.

24 (b) [Projects] **A project** for which no funds of a public agency are directly or indirectly used.
 25 In accordance with ORS chapter 183, the Commissioner of the Bureau of Labor and Industries shall
 26 adopt rules to carry out the provisions of this paragraph.

27 (c) [Projects] **A project**:

28 (A) That [are] **is** privately owned;

29 (B) That [use] **uses** funds of a private entity;

30 (C) In which **a public agency will occupy or use** less than 25 percent of the square footage
 31 of [a] **the** completed project [will be occupied or used by a public agency]; and

32 (D) For which less than \$750,000 of funds of a public agency are used.

33 (d) [Projects] **A project** for residential construction that [are] **is** privately owned and that pre-
 34 dominantly [provide] **provides** affordable housing. As used in this paragraph:

35 (A) “Affordable housing” means housing that serves occupants whose incomes are no greater
 36 than 60 percent of the area median income or, if the occupants are owners, whose incomes are no
 37 greater than 80 percent of the area median income.

38 (B) “Predominantly” means 60 percent or more.

39 (C) “Privately owned” [includes] **means**:

40 (i) Affordable housing provided on real property owned by a public agency if the real property
 41 and related structures are leased to a private entity for 50 or more years; and

42 (ii) Affordable housing [owned by] **that** a partnership, nonprofit corporation or limited liability
 43 company **owns and** in which a housing authority, as defined in ORS 456.005, is a general partner,
 44 director or managing member [and] **but** the housing authority is not a majority owner in the part-
 45 nership, nonprofit corporation or limited liability company.

1 (D) “Residential construction” [*includes*] **means** the construction, reconstruction, major reno-
2 vation or painting of single-family houses or apartment buildings not more than four stories in
3 height and all incidental items, such as site work, parking areas, utilities, streets and sidewalks,
4 pursuant to the United States Department of Labor’s “All Agency Memorandum No. 130: Applica-
5 tion of the Standard of Comparison “Projects of a Character Similar” Under Davis-Bacon and Re-
6 lated Acts,” dated March 17, 1978. However, the commissioner may consider different definitions of
7 residential construction in determining whether a project is a residential construction project for
8 purposes of this paragraph, including definitions that:

9 (i) Exist in local ordinances or codes; or

10 (ii) Differ, in the prevailing practice of a particular trade or occupation, from the United States
11 Department of Labor’s description of residential construction.

12 **SECTION 2. The amendments to ORS 279C.810 by section 1 of this 2023 Act apply to**
13 **procurements that a public agency advertises or otherwise solicits or, if the public agency**
14 **does not advertise or solicit the public contract, to a public contract into which the public**
15 **agency enters on or after the operative date specified in section 3 of this 2023 Act.**

16 **SECTION 3. (1) The amendments to ORS 279C.810 by section 1 of this 2023 Act become**
17 **operative on January 1, 2024.**

18 **(2) The Attorney General, the Director of the Oregon Department of Administrative**
19 **Services, the Director of Transportation and a contracting agency that adopts rules under**
20 **ORS 279A.065 or 279A.070 may adopt rules and take any other action before the operative**
21 **date specified in subsection (1) of this section that is necessary to enable the Attorney**
22 **General, the director or the contracting agency to undertake and exercise, on and after the**
23 **operative date specified in subsection (1) of this section, all of the duties, functions and**
24 **powers conferred on the Attorney General, the director or the contracting agency by the**
25 **amendments to ORS 279C.810 by section 1 of this 2023 Act.**

26 **SECTION 4. This 2023 Act takes effect on the 91st day after the date on which the 2023**
27 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

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