



April 27, 2023

TO: Members of the Senate Committee on Labor and Business

FR: Derek Sangston, Oregon Business & Industry

RE: Opposition to HB 2057A

Chair Taylor, Vice-Chair Bonham, members of the Senate Committee on Labor and Business. For the record, I'm Derek Sangston, policy director and counsel for Oregon Business and Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in opposition to HB 2057A. OBI opposes this bill because it would drastically shift the liability for unpaid wages in the construction industry. The bill would raise construction costs despite the fact that no data demonstrates this is a problem in Oregon.

Without any misconduct on their part, HB 2057 would hold general contractors jointly and severally liable for any unpaid wages owed to the employees of their subcontractors. Making this change won't help those workers get paid quickly because the increased lawsuits filed against general contractors due to this bill would take multiple years to resolve. More importantly, making this change also won't deter bad acting subcontractors from breaking the law. In fact, it would give bad acting subcontractors cover.

HB 2057A would also have the unintended consequence of creating new obstacles for emerging, small businesses trying to enter Oregon's construction industry. By shifting liability for unpaid wages, the bill disincentivizes general contractors from hiring new subcontractors because no general contractor would take risks hiring an unknown subcontractor.

Employers who are cheating employees of wages are breaking the law. There are already remedies available — ways under current law for those employees to receive the wages they are owed and hold bad actors accountable. The employees may file a lawsuit against the subcontractor or file a BOLI complaint to receive their compensation. Forcing liability upon a general contractor who is blameless is not the solution.

For these reasons, OBI respectfully asks this committee to reject HB 2057. Thank you for your consideration.

Contact: dereksangston@oregonbusinessindustry.com