



May 9, 2023

TO: Chair Taylor, Vice-Chair Bonham, Members of the Senate Committee on Labor and Business

FR: Derek Sangston, Oregon Business & Industry

RE: Support for HB 3205A

Chair Taylor, Vice-Chair Bonham, members of the committee. For the record, I am Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. 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 submit testimony in support of HB 3205A.

In 2021, the Legislature recognized that current law was limiting the state's public and private employers' ability maintain their workforce and exempted both hiring and retention bonuses from Oregon's Equal Pay Act. That exemption expired on Sept. 28, 2022, making Oregon the only state with these types of restrictions on hiring and retention bonuses. Because the Legislature once exempted hiring and retention bonuses from the law, employers are hesitant to offer those bonuses now.

That is extremely unfortunate because Oregon's labor market is tight. Current job vacancies remain close to the number of unemployed Oregonians looking for work, not even accounting for alignment of skills.¹ Anecdotally, OBI's members frequently say that they struggle to retain their current workers. They tell us workers who leave in many cases do so because they receive higher compensation packages, including bonuses, fewer licensing requirements, or lower cost of living. Sometimes it's a combination of all the above. This is true regardless of the industry, geography, or size of business.

Recent projections from the Oregon Employment Department additionally show that without action, the state's workforce shortage will continue for years and perhaps decades. Projections show that Oregon's economy will require 265,000 new jobs by 2031². Unfortunately, Oregon's population forecast shows the state's workforce will not keep up because the number of prime

¹ <https://www.qualityinfo.org/>, accessed Feb. 20, 2023

² [Projections - QualityInfo](#), accessed Feb. 20, 2023

and older wage earners will grow by only half that amount.³ While there is no one solution to that problem, HB 3205A would help.

HB 3205A would help solve this problem by permanently exempting retention bonuses from Oregon's Equal Pay Act. It would give employers a tool to offset Oregon's higher cost of living. It would allow employers to recruit new employees by offering the potential for higher pay. It would allow employers to keep their employees from leaving Oregon to work in other states, particularly Washington.

Please do not let Oregon fall farther behind. Please allow Oregon employers to pay retention bonuses to their hardworking employees by passing HB 3205A. Thank you for your consideration.

Contact: dereksangston@oregonbusinessindustry.com

³ [appendixc.pdf \(oregon.gov\)](#), accessed Feb. 20, 2023