

HB 4012 -1 STAFF MEASURE SUMMARY

House Committee On Labor and Workforce Development

Prepared By: Erin Seiler, LPRO Analyst

Meeting Dates: 2/2, 2/4

WHAT THE MEASURE DOES:

The measure requires the Bureau of Labor and Industries (BOLI) to study the adequacy of the statutory provisions governing labor contractors and submit a report to the Legislative Assembly by September 15, 2027.

ISSUES DISCUSSED:

- Work group on construction labor contractors
- Enforcement of construction labor contractor licensure requirements
- Collaboration between Bureau of Labor and Industries (BOLI) and Construction Contractors Board (CCB) on initiative
- Lack of information about utilization of construction labor contractors
- Ability to execute initiative within existing resources and authority of BOLI and CCB

EFFECT OF AMENDMENT:

-1 Replaces the measure.

The amendment requires the Construction Contractor Board (CCB) to consult with BOLI to execute a targeted assessment initiative regarding the utilization of unlicensed construction labor contractors from January 1, 2027 through July 1, 2027.

Detailed Summary:

- CCB will observe and collect information, pursuant to its existing authority under ORS 701.225, to determine the frequency unlicensed labor contractors, including unlicensed construction labor contractors, are used on construction job sites and the prevalence of unlicensed construction labor contractors at construction job sites.
- Requires CCB and BOLI to complete planning for targeted assessment initiative by December 31, 2026. Specifies planning activities.
- Permits BOLI and CCB to share data, documents, and information.
- Requires CCB to provide written notice to CCB licensees and applicants of the initiative. Specifies contents of the notice.
- Requires CCB and BOLI to report to interim committees related to business and labor, no later than October 1, 2027.

Fiscal impact: Minimal fiscal impact

Revenue impact: No revenue impact

BACKGROUND:

This summary has not been adopted or officially endorsed by action of the committee.

A labor contractor is any person or entity that recruits, solicits, supplies, or employs workers for another entity and is required to hold a labor contractor license. The Bureau of Labor and Industries (BOLI) is responsible for administering and enforcing licensure requirements for the following types of labor contractors:

- Farm and forest labor contractors
- Construction labor contractors
- Property services/janitorial labor contractors

Any person or entity that recruits, solicits, supplies, or employs workers to perform construction labor for an agreed rate of pay must hold a valid Construction Labor Contractor (CLC) License. This requirement applies both to individuals performing these activities on behalf of their employer and to those who subcontract with another party to perform CLC activities. Before beginning work on any contract, CLCs must display their license or temporary permit and provide a copy to the person to whom the workers are being supplied, or that person's agent.

CLCs are also required to:

- File with BOLI information related to work agreements between the contractor and construction property owners (if applicable), as well as agreements between the contractor and each worker.
- Provide each worker, at the time of hiring, recruiting, soliciting, or supplying (whichever occurs first), a written summary of the terms and conditions of employment in English and in any other language used by the contractor to communicate with workers.
- Execute a written agreement with each worker at the time of hiring and before the worker performs any labor, outlining the terms and conditions of employment.
- Provide each worker, at the time wages are paid, a written statement itemizing total wages paid, deductions and their purpose, hours worked, rate of pay, and any required information related to work performed under the federal Service Contract Act or applicable federal or state laws.
- Timely submit to BOLI certified true copies of all payroll records for work performed as a labor contractor when the contractor pays workers directly.

Before allowing work to begin under any contract or agreement with a construction labor contractor, the person receiving the workers must examine the contractor's license or temporary permit to verify that the individual providing the workers matches the photo on the license or permit. A copy of the license or temporary permit must be retained.

Any person who knowingly uses the services of an unlicensed construction labor contractor is personally, jointly, and severally liable with the unlicensed contractor for unpaid wages and other damages as provided by law. In addition, individuals or entities that use the services of an unlicensed construction labor contractor may be subject to civil penalties of up to \$2,000 per violation.