

Senate Bill 1566

Sponsored by Senator ANDERSON, Representative BREESE-IVERSON (Presession filed.)

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Says that a public agency does not need to set a certain wage level for a project that is affordable housing. (Flesch Readability Score: 60.6).

Exempts certain projects for public works, primarily related to affordable housing, from the requirement to pay a prevailing rate of wage.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to the prevailing rate of wage; creating new provisions; amending ORS 279C.810; and prescribing an effective date.

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

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

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

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

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

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

(C) Tax credits or tax abatements;

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

(E) The difference between:

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

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

(F) Staff resources of the public agency used to manage a project or to provide a principal source of supervision, coordination or oversight of a project;

(G) Staff resources of the public agency used to design or inspect one or more components of a project;

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

(I) Value added to land as a consequence of a public agency's site preparation, demolition of real property, *[or]* remediation or removal of environmental contamination, **or provision of**

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 **infrastructure that includes but is not limited to road construction or utilities**, except for
 2 value added in excess of the expenses the public agency incurred in the site preparation,
 3 demolition, [or] remediation or removal **or provision of infrastructure** when the land is sold for
 4 use in a project otherwise subject to ORS 279C.800 to 279C.870; or

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

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

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

11 (a) [Projects] **A project in Clackamas, Lane, Marion, Multnomah, Polk, Washington or**
 12 **Yamhill counties** for which the contract price does not exceed \$50,000 **or a project elsewhere**
 13 **within this state for which the contract price does not exceed \$250,000**. In determining the
 14 price of a project, a public agency:

15 (A) May not include the value of donated materials or work performed on the project by indi-
 16 viduals volunteering to the public agency without pay; and

17 (B) Shall include the value of work performed by every person paid by a contractor or subcon-
 18 tractor in any manner for the person’s work on the project.

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

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

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

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

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

27 (D) [For which] **That uses** less than \$750,000 of funds of a public agency [*are used*].

28 [(d) *Projects for residential construction that are privately owned and that predominantly provide*
 29 *affordable housing. As used in this paragraph.*]

30 [(A) *“Affordable housing” means housing that serves occupants whose incomes are no greater than*
 31 *60 percent of the area median income or, if the occupants are owners, whose incomes are no greater*
 32 *than 80 percent of the area median income.*]

33 [(B) *“Predominantly” means 60 percent or more.*]

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

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

37 [(ii) *Affordable housing owned by a partnership, nonprofit corporation or limited liability company*
 38 *in which a housing authority, as defined in ORS 456.005, is a general partner, director or managing*
 39 *member and the housing authority is not a majority owner in the partnership, nonprofit corporation*
 40 *or limited liability company.*]

41 [(D) *“Residential construction” includes the construction, reconstruction, major renovation or*
 42 *painting of single-family houses or apartment buildings not more than four stories in height and all*
 43 *incidental items, such as site work, parking areas, utilities, streets and sidewalks, pursuant to the*
 44 *United States Department of Labor’s “All Agency Memorandum No. 130: Application of the Standard*
 45 *of Comparison “Projects of a Character Similar” Under Davis-Bacon and Related Acts,” dated March*

17, 1978. However, the commissioner may consider different definitions of residential construction in determining whether a project is a residential construction project for purposes of this paragraph, including definitions that:]

[(i) Exist in local ordinances or codes; or]

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

(d) A privately owned project that is constructed, reconstructed or renovated for residential use and in which 60 percent or more of the dwelling units are affordable housing:

(A) If the project meets the following criteria, as appropriate for the project:

(i) The project is:

(I) Privately owned in fee simple;

(II) Land, or land and improvements, that are leased from a public agency for 50 years or more; or

(III) Owned by a partnership, nonprofit corporation or limited liability company in which a housing authority, as defined in ORS 456.005, is a general partner, director or managing member and the housing authority is not a majority owner in the partnership, nonprofit corporation or limited liability company.

(ii) The project is housing that:

(I) The state acquires, constructs, remodels, repairs, equips or furnishes and owns or operates with funding provided under ORS 458.480 to 458.490;

(II) Serves occupants whose incomes do not exceed 120 percent of the area median income if the housing is a public works or uses funds of a public agency in an amount that exceeds \$750,000, as adjusted annually by the commissioner in accordance with the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor;

(III) Requires, for the purpose of serving occupants whose incomes do not exceed 120 percent of the area median income, demolition or removal of hazardous waste that uses \$750,000 or more in funds of a public agency and that occurs on real property that a state agency owns but that does not involve constructing, reconstructing, renovating or painting a road, highway, building, structure or improvement;

(IV) Serves occupants whose incomes do not exceed 60 percent of the area median income if the project involves construction, reconstruction, painting, demolition, removal of hazardous waste from, or major renovation of an improvement that occurs, with or without using funds of a public agency, on real property that a public university listed in ORS 352.002 owns; or

(V) Otherwise serves occupants whose incomes do not exceed 60 percent of the area median income or, if the occupants are owners, whose incomes do not exceed 80 percent of the area median income.

(B) If the project constructs, reconstructs, performs a major renovation of or paints single-family houses or apartments, together with incidental items such as site work, parking areas, utilities and streets and sidewalks, that, except as provided in subparagraph (C) of this paragraph:

(i) In Clackamas, Lane, Marion, Multnomah, Polk, Washington or Yamhill counties are not more than seven stories in height; and

(ii) In all other areas of the state are not more than four stories in height and are con-

1 **structed, reconstructed, renovated or painted in accordance with the United States Depart-**
2 **ment of Labor’s “All Agency Memorandum No. 130: Application of the Standard of**
3 **Comparison “Projects of a Character Similar” Under Davis-Bacon and Related Acts,” dated**
4 **March 17, 1978.**

5 **(C) If the project is residential construction under a definition that the commissioner**
6 **adopts after considering definitions that:**

7 **(i) Exist in local ordinances or codes; or**

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

10 **(D) Even if the project includes any of the following elements:**

11 **(i) An on-site child care facility operated as a not-for-profit enterprise.**

12 **(ii) Commercial use in not more than 15 percent of the available ground floor space in**
13 **the project.**

14 **(E) Even if the project was previously used or occupied for a purpose other than resi-**
15 **dential use.**

16 **SECTION 2.** **The amendments to ORS 279C.810 by section 1 of this 2026 Act apply to**
17 **procurements that a contracting agency advertises or otherwise solicits or, if the contract-**
18 **ing agency does not advertise or solicit the procurement, to a contract for public works or**
19 **public improvement contract into which the contracting agency enters on or after the oper-**
20 **ative date specified in section 3 of this 2026 Act.**

21 **SECTION 3.** **(1) The amendments to ORS 279C.810 by section 1 of this 2026 Act become**
22 **operative on January 1, 2027.**

23 **(2) The Attorney General, the Commissioner of the Bureau of Labor and Industries, the**
24 **Director of the Oregon Department of Administrative Services, the Director of Transporta-**
25 **tion and a contracting agency that adopts rules under ORS 279A.065 or 279A.070 may adopt**
26 **rules and take any other action before the operative date specified in subsection (1) of this**
27 **section that is necessary to enable the Attorney General, the commissioner, the directors**
28 **and the contracting agency to undertake and exercise, on and after the operative date spec-**
29 **ified in subsection (1) of this section, all of the duties, functions and powers conferred on the**
30 **Attorney General, the commissioner, the directors and the contracting agency by the**
31 **amendments to ORS 279C.810 by section 1 of this 2026 Act.**

32 **SECTION 4.** **This 2026 Act takes effect on the 91st day after the date on which the 2026**
33 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**