

February 6, 2026

Subject: HB 4089 Written Testimony

Chair Grayber, Co-Vice Chairs Scharf and Muñoz, and Members of the Committee:

The Associated General Contractors Oregon-Columbia Chapter comprises nearly 740 members across Oregon and Southwest Washington in the commercial construction industry. AGC cares deeply about ensuring an even playing field in the construction industry, and that contractors are operating in accordance with the law. However, this bill goes beyond what is reasonable for evening the playing field.

We share the concerns brought by other organizations on the liability put on employers within Section 1 of the bill. Employers can be held criminally liable for accidents and mistakes, which does not get at the deterrent factor that criminal statutes should, but rather creates unreasonable criminal liability for all employers in the state.

Section 4 creates criminal charges for someone who knew or should have known they were hiring unlicensed labor contractors. We need to understand what the prevalence of this issue is and what is keeping these labor contractors from getting licensed. This Committee's bill HB 4012 gets us the data we need so we can make the right policy changes to stop the use of unlicensed labor contractors. But having a "should have known" standard for criminal liability, when the area is so murky as it is currently, doesn't make sense.

Section 5 creates further liability for both contractors and consumers. Again, the "should have known" standard is used for anyone who hired a contractor that is unlicensed. While this seems simple on its face, there are many factors that go into the licensure of contractors in Oregon, and that can lead to contractors losing their licenses during the course of a project. Because of this, it would take extreme vigilance for general contractors with multiple subcontractors and multiple tiers of subs to avoid criminal charges. It will also require an unreasonable level of vigilance for homeowners, who would be held criminally liable if they're not checking licensure on a daily, if not hourly, basis.

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We would also like to note that this felony approach has been tried before. Currently, wage theft on prevailing wage jobs can be charged as a felony. This change occurred in the 2016 Session, and is under ORS 279C.875. However, this law has rarely, or ever, been applied. It is unclear why we should follow the same approach that hasn't worked before.

Additionally, the Legislature just passed SB 426 last session, which drastically shifts liability in the construction industry, making upper tier contractors civilly liable for the unpaid wages of the employees of their lower tier subcontractors. This bill went into effect only one month ago, so we haven't seen what the results are of the bill championed as the solution last session.

According to the messaging behind SB 426, the intention of that bill was to deal with the same issues that are the target of this bill. We ask that the Legislature not consider new legislation in this space when we haven't even given the newest change to the law time to go into effect.

AGC urges this committee to continue the work on gathering data on labor contractors through HB 4012, and to give time for SB 426 from last session to be fully realized before adding further regulation, especially criminal liability, in this area.

Thank you for your time, and please contact me with any questions.

Best,

Kirsten Adams
Chief Strategy and Policy Officer