

HOUSE COMMITTEE ON
BUSINESS, LABOR, AND CONSUMER AFFAIRS

April 25, 2005 Hearing Room B

8:30 A.M. Tapes 102 - 104

MEMBERS PRESENT: Rep. Alan Brown, Chair

Rep. Sal Esquivel, Vice-Chair

Rep. Mike Schaufler, Vice-Chair

Rep. Paul Holvey

Rep. George Gilman

Rep. Chip Shields

MEMBER EXCUSED: Rep. Derrick Kitts

STAFF PRESENT: Janet Adkins, Committee Administrator

Katie Howard, Committee Assistant

MEASURES/ISSUES HEARD:

HB 2996 – Public Hearing

HB 2997 – Public Hearing

HB 2710 – Public Hearing

HB 3382 – Public Hearing

HB 3383 – Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 102, A

003	Chair Brown	Calls the meeting to order at 8:39 a.m. Opens the public hearing on HB 2996 and HB 2997.
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HB 2996 and HB 2997 – PUBLIC HEARING

010	Janet Adkins	Committee Administrator. Explains HB 2996 and HB 2997.
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025	Rep. Bruce Hanna	House District 7. Submits HB 2996-2 amendments and an informational packet in support of HB 2996 (EXHIBIT A and B). Reads from written testimony (EXHIBIT B, Page 1 – 3). Submits HB 2997-1 amendments and written testimony in support of HB 2997 (EXHIBIT C and D).
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115	Richard Meyers	City Manager, Cottage Grove. Speaks in support of HB 2996 and the -2 amendments. Elaborates how \$25,000 is an inadequate upper limit for projects that do not fall under the prevailing wage law. Talks about the types of projects that would fall under the prevailing wage law. Outlines how HB 2996 will help the city of Cottage Grove. Mentions the financial burden that prevailing wage laws adds to a project.
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165	Meyers	Explains that local companies are not bidding on projects due to the amount of paperwork that has to be done. Wants the prevailing wage law to be in line with the thresholds in ORS 279.C.305.
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188	Rep. Esquivel	Asks what the project would have been with the prevailing wage.
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193	Meyers	States that it would have increased the project by a couple of thousand of dollars.
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200	Rep. Holvey	Asks about the paperwork involved in doing the prevailing wage law and if there are other reasons why small contractors would not be able to do prevailing wage projects.
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213	Meyers	Says that small contractors have difficulty with the certified payroll report and the bond requirements. States that the small contractors do not have the resources to do the paperwork.
225	Rep. Holvey	Shares the concern that small contractors are able to stay in business because they can obtain small contracts. Believes that HB 2296 could take small contracts away from these local contractors. Asks if they have information about the amount of money that HB 2996 would save the city.
246	Meyers	Believes that the 48% of the jobs that would no longer fall under the prevailing wage law are not currently being done by smaller firms.
263	Chair Brown	Asks about the dollar amounts that were previously stated and if it is all public works' dollars.
267	Rep. Hanna	Says it is all public works' dollars that qualify under the Bureau of Labor and Industry (BOLI). Says that 4.4% at \$125,000 would be eliminated from the bid process.
274	Bob Avery	Talks about the spreadsheet from BOLI (EXHIBIT B, Page 7). Talks about the dollar amount of contracts.
292	Rep. Hanna	Reads from written testimony in support of HB 2997 (EXHIBIT D). Recommends a \$250,000 upper limit on the size of the project and outlines the reasons for raising the limit.
368	Meyers	Speaks in support of HB 2997 and the -1 amendments (EXHIBIT C). Talks about the city of Cottage Groves' partnership with some youth to build a skate park. States that Bureau of Labor and Industry (BOLI) told them that the skate park fell under the prevailing wage law.

TAPE 103, A

001	Meyers	States that BOLI later determined the project did not fall under the prevailing wage law. Mentions another story where the city wanted to help a local group to replace playground equipment but could not because of prevailing wage laws.
031	Rep. Shields	Asks where the money from the Rotary Club went for the project.

035	Meyers	Talks about the contract with a playground company.
049	Bob Shiprack	Executive Secretary, Oregon Building and Construction Trades Council. Submits informational packet (EXHIBIT E). Explains the prevailing wage laws.
054	Chair Brown	Talks about the Davis-Bacon Act and the Little Davis-Bacon Act.
057	Shiprack	Says that the bills before the committee tries to fix a lot of little problems with the Davis-Bacon Act. Gives a history of Prevailing Wage Law in Oregon. Talks about the guide put out that shows what the prevailing wage is in various communities. References the study and says that Oregon has a low cost per mile for transportation projects that fall under prevailing wage laws.
110	Shiprack	States that this shows that high wages leads to greater productivity. Shares concerns about HB 2996 and 2997. States that raising the threshold would put us near the second or third highest in the country for public projects that do not fall under prevailing wage laws. Mentions that many states do not have thresholds for prevailing wage law. Talks about the paperwork involved. Notes that in Colorado the state suspended the law and the costs of construction was higher for public works projects after the prevailing wage law was repealed.
170	Shiprack	Believes that getting rid of prevailing wage laws does not make savings.
185	Ed Glad	Pacific Northwest Regional Council of Carpenters. Speaks in opposition to HB 2996 and HB 2997. Talks about the criteria for filing taxes as a 5015C3. Notes that the research done to create 5015C3 and says that the largest concentration of 5015C3 outside of the District of Columbia is in Oregon. States that these nonprofits are putting in structures on public grounds which become public assets. Says that HB 2997 advocates for decreased wages and notes that people in every county voted to keep prevailing wage law.
277	Shiprack	Speaks about HB 2997 and says that he does not know how the printed bill would work. Notes that two issues need to be clarified and they mostly deal with the definition of volunteers on prevailing wage law projects.
310	Jon Oshel	Association of Oregon Counties. Wants the issue of impacts clarified in HB 2996. Mentions HB 2997 and the volunteer labor issue that need to be clarified.

360	Christy Monson	League of Oregon Cities. Speaks in support on HB 2996 and HB 2997, but notes the issues that need clarification in HB 2996 and HB 2997. Believes that there are cost savings by raising the limits for projects that do not fall under the prevailing wage laws.
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TAPE 102, B

006	Jeff Dean	Associated Builders and Contractors (ABC). Speaks in support of HB 2996 and HB 2997. Says that many of ABC members do not perform work on public contracts, because the workers hit the wage threshold quickly on prevailing wage projects.
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016	Steve Schneider	Schneider Equipment and Drilling Company and Oregon Groundwater Association. Says that they support any increase on the threshold. Talks about the paperwork process involved in relation to prevailing wage law projects. States that BOLI has not worked definitions of tasks into the booklet they put out about prevailing wage law. Mentions that the classification can be switched throughout the day and this creates different pay scales.
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063	Schneider	Talks about the forms and procedures involved with construction projects that fall under the Prevailing Wage Law. States that contractors do not want to do these projects because the fines are severe. Notes that fringe benefits requirements are also hard to administer.
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091	Chair Brown	Closes the public hearing on HB 2996 and HB 2997. Opens the public hearing on HB 2710.
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HB 2710 – PUBLIC HEARING

101	Rep. Holvey	Explains HB 2710 and the -1 amendments. Submits the -1 amendments (EXHIBIT H). Talks about how some of the prevailing wage laws and classifications are outdated. Says that HB 2710 will stabilize the wages and will create unification.
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148	Bob Shiprack	Building Trades Council. Says that HB 2710 is identical to a statute in Washington state. Talks about the problems with Davis-Bacon surveys. Notes that in 1992 wages were frozen in four counties in Oregon and says that those counties now have low wages.
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179	Christie Hammond	Administrator, Wage and Hour Division, Bureau of Labor and Industries (BOLI). Submits and written testimony on behalf of Dan
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Gardner in support of HB 2710 (**EXHIBIT F**). Says that the federal survey is voluntary. Talks about Curry County and how some wages are below Oregon's minimum wage for federal prevailing wage projects.

230	Hammond	Notes that HB 2710 would require the higher wage, either the state rate or Davis-Bacon Rate
239	Ed Glad	Pacific Northwest Regional Council of Carpenters. Agrees with previous testimony and speaks in support of HB 2710. Talks about the replacement of bridges and roads that go across several different counties and the difference in prevailing wages.
270	Rep. Schaufler	Talks about Mr. Glad's support of positive business policies in Oregon. Requests software that has the Davis-Bacon Act pay rates.
317	Shiprack	Shares story with the committee.
332	Hammond	Talks about Excel spreadsheets that do basic rates and says that they could work on the weighted computations for prevailing wage rates.
345	Rep. Holvey	Asks if BOLI has checked with states with similar statutes.
353	Hammond	Says that Washington state's statute has been in place since 1988 and notes that Washington State does not have difficulty enforcing the law.
363	Rep. Holvey	Asks if the contracting agency can achieve the process outlined in the -1 amendments.
378	Hammond	States that both wage rates could be provided to the public and says that BOLI will provide the federal and state prevailing wage rates.
405	John Jackley	Highway Division, Oregon Department of Transportation (ODOT). Submits and reads written testimony taking a neutral position on HB 2710 (EXHIBIT G).

TAPE 103, B

001	Jackley	Continues reading from written testimony. Indicates an average project increase of \$2,000 to \$4,000 if HB 2710 passes.
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013	Chair Brown	Asks what would happen if a highway contract with federal dollars was built in an area where the federal prevailing wage was under Oregon's minimum wage.
016	Jackley	States that the federal prevailing wage would apply.
019	Rep. Holvey	Asks if ODOT foresees savings on contracts because the higher wage will already be paid if the project suddenly switched to a higher prevailing wage.
031	Jackley	States that any fiscal impact HB 2710 has would be offset by the savings ODOT would make because they would not have to renegotiate contracts.
035	Chair Brown	Asks if using the state prevailing wage jeopardizes federal dollars.
037	Jackley	Says that the State Highway Fund would have to make up the difference if the state rate was higher than the federal rate.
042	John Oshel	Association of Oregon Counties. States that the concerns are at the administrative level and that contractors may not be able to enact the bill.
063	Christie Monson	League of Oregon Cities. Wants to participate in the workgroup on HB 2996, HB 2997, and HB 2710.
076	John Killin	Independent Electrical Contractors of Oregon. States that they are in favor of HB 2996 and HB 2997. States that HB 2710 creates confusion about what prevailing wage rates apply.
098	Jeff Dean	Director of Government Affairs, Associated Builders and Contractors. Speaks in opposition to HB 2710. Shares concerns about how federal grants would work for construction projects under HB 2710.
103	Steve Schneider	Schneider Equipment and Drilling. Speaks in opposition to HB 2710. Talks about the lack of compatibility between federal and state prevailing wage laws.
119	Rep. Holvey	

Asks if it will create more administrative work and says that the -1 amendment puts the burden on the contracting agency to identify the correct wage and classification system for contractors.

129	Schneider	Says that overtime still plays into the problem. States that the weighted average adds to the problem.
137	Rep. Holvey	Asks if prevailing wage workers are often subject to state and federal prevailing wage laws on the same project.
143	Killin	Says that it does not happen often but it does happen.
151	Greg Miller	Associated General Contractors. Says that the calculation of the wages needs to be done by BOLI. States that the -1 amendments would not clarify which federal and state prevailing wage applies.
170	Rep. Holvey	Comments that the -1 amendment does address the concern, and if it does not, wants to make sure it does.
177	Chair Brown	Closes the public hearing on HB 2710 and opens the public hearing on HB 3382 and HB 3383.

HB 3382 and HB 3383 – PUBLIC HEARING

183	Janet Adkins	Committee Administrator. Explains HB 3382 and HB 3383.
202	Bob Shiprack	Oregon Building and Construction Trade Council. Speaks in support of HB 3382 and HB 3383. Explains what a public works contract is. Talks about the list of projects that are advertised to the public and when rates begin to apply. Mentions that with alternative bidding processes the rates begin to apply at a different time.
250	Shiprack	Talks about the bidding process for a prison and the prevailing wages that apply. Mentions the problem that arose with a school district's construction project in 2004. Wants the legislature to tell them what rates apply and when they begin to apply.
302	Rep. Esquivel	Asks who establishes the rate and asks how the rates actually work.
307	Shiprack	

States that the request for proposals evaluate the projects to see if the agency can afford the building and says that wages are moot at the beginning of the project proposal process.

- 320 Rep. Esquivel Asks, if once the request for proposal (RFP) process is done and the contract bid on, the wages are established.
- 322 Shiprack Says that the scenario is correct. States that the bid process is the trigger.
- 331 Jerod Broadfoot Sheet Metal and Air Conditioning Contractions National Association and the Plumbing and Mechanical Contractors National Association. Speaks in support of HB 3383. Says that the issue happens when there is a public works project and materials is prefabricated for the project . Notes that, under this scenario, people do not have to pay the prevailing wage to the prefabrication employees. Requests to form a workgroup with interested groups.
- 384 Rep. Schaufler Speaks in support of HB 3383.
- 407 Jon Oshel Association of Oregon Counties. Takes a neutral position on HB 3382. Talks about the need for clarity in HB 3383.

TAPE 104, A

- 014 Greg Miller Associated General Contractors. Says that there is no need for HB 3382 and speaks against it. Speaks in opposition to HB 3383 and says that they have a lot of questions.
- 029 Jon Killin Independent Electrical Contractors of Oregon. Takes a neutral stance on HB 3383.
- 035 Jeff Dean Director of Government Affairs, Associated Builders and Contractors. Speaks in opposition to HB 3383
- 042 Steve Schneider Speaks in opposition to HB 3383. Mentions the problem with the enforcement of prevailing wage with manufacturers.
- 057 Rep. Schaufler Believes that the bill will be narrowed down and that it is not the intent of HB 3383 to apply to all those companies.

064	Julie Brandis	Associated Oregon Industry (AOI). Speaks in opposition to HB 3383. Notes that AOI always speaks in opposition to the expansion of prevailing wage laws.
082	Chair Brown	Closes the public hearing on HB 3382 and HB 3383. Adjourns the meeting at 10:37 a.m.

EXHIBIT SUMMARY

- A. **HB 2996, -2 amendments, Rep. Bruce Hanna, 1 p**
- B. **HB 2996, informational packet, Rep. Bruce Hanna, 7 pp**
- C. **HB 2997, -1 amendments, Rep. Bruce Hanna, 1 p**
- D. **HB 2997, written testimony, Rep. Bruce Hanna, 2 pp**
- E. **HB 2996, informational packet, Bob Shiprack, 16 pp**
- F. **HB 2710, written testimony of Dan Gardner, Christie Hammond, 2 pp**
- G. **HB 2710, written testimony, John Jackley, 1 p**
- H. **HB 2710, -1 amendments, Rep. Paul Holvey, 1 p**