



## SENATE MAJORITY OFFICE

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### **Construction Workers Have Recourse for Unpaid Wages Under Measure Advanced by Oregon Senate Democrats**

*Bill passed today allows lawsuits by unpaid construction workers against project owners and direct contractors*

**SALEM, OR** – Oregon Senate Democrats voted today to hold developers accountable when construction workers serve on a project but don't get paid. Senate Bill 426 allows workers to sue project owners and direct contractors for unpaid wages, whether the workers are direct employees or subcontractors.

The bill passed in a vote of 18 to 11.

"The use of labor intermediaries in construction is very common," said **Senator Floyd Prozanski (D – Eugene)**, chair of the Senate Judiciary Committee. "Having layers of contractors, subcontractors, and brokers on a project can allow them to skirt accountability to workers. This bill specifies that owners and direct contractors are jointly responsible for workers getting paid anywhere on the project."

Without the new legislation, construction workers have no authority to file a civil lawsuit (or "private right of action") for unpaid work. They can file complaints with the Oregon Bureau of Labor and Industries, but the bureau has a significant backlog of wage claims and has limited its investigations to people making less than \$25.34 per hour. A journalist's investigation found the building construction industry had more than \$1 million in unpaid wages between 2015 and 2022.

"When dishonest contractors steal wages, they're not just hurting workers, they are hurting families, communities, and the integrity of our economy," said **Senator Mark Meek (D – Happy Valley)**. "And they ultimately create a competitive disadvantage for the vast majority of businesses that follow the law and do pay their workers fairly."

Senate Bill 426 permits nonunion employees, their representatives, or the Attorney General to file a civil action against a project owner, direct contractor, or any subcontractor to recover wages owed and any interest, penalties, or attorney fees. It does not apply to homeowners constructing or remodeling their primary residence.

The bill includes a two-year statute of limitations. It also requires a person give a 21-day notice before suing, giving the owner and contractor an opportunity to pay the wages and prevent the lawsuit.

After today's vote in the Senate, the measure advances to the Oregon House of Representatives for consideration.

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