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Oregon Senate votes to close contracting loophole

SB 416 prohibits dividing public works contracts to avoid prevailing wage rates

SALEM – The Oregon Senate voted to closed a loophole in contracting that has been used in some cases to get around the prevailing wage laws.

Senate Bill 416 – which passed the Senate on a 18-10 vote today – prohibits anyone, not just public agencies, from dividing public works projects into multiple contracts to avoid prevailing wage rate laws. It also requires disadvantaged business enterprises, minority-owned businesses, woman-owned businesses, businesses owned by service-disabled veterans and emerging small businesses to post bond if they fail to pay workers the prevailing wage rate.

“Sometimes in these contracting processes, large projects are broken down into smaller chunks so they don’t meet the threshold to require a prevailing wage,” said Sen. James Manning (D-Eugene), who carried the bill. “This bill requires that when public funds are involved in a project that the project is contracted appropriately so that workers can receive the prevailing wage that they should earn anyway. It’s a matter of fairness to the hard-working Oregonians who make their living in building and construction trades.”

Under Oregon law, the hourly wage for the workers of any contractor performing a public works contract must be at least the prevailing wage rate, which is set by the Oregon Bureau of Labor and Industries based on the specific trade and region where the work is performed. Projects generally are covered by this law if they meet the following conditions:

- Public works projects when the total project cost exceeds \$50,000, the project is for construction, reconstruction, major renovation or painting and the project directly or indirectly uses public agency funds;

- Projects on privately owned roads, highways and structures when the project is for construction, reconstruction, major renovation and painting or uses at least \$750,000 in public funds; or
- Construction projects in which one or more public agencies will occupy or use at least 25 percent of the project's square footage.

SB 416 now goes to the House of Representatives for consideration.

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