The 2012 legislative session marked a first in Oregon history. This session was the first official annual legislative session, approved by Oregon voters in 2010. The legislature convened February 1 and used 34 of the 35 days permitted by the Oregon Constitution to conclude its business.

The legislature’s top “must do” priority was rebalancing the 2011–13 biennial budget. Spending needed to be aligned with actual revenues, which were about $350 million lower than predicted at the start of the two-year budget cycle. In addition to balancing the budget, nearly 300 policy bills were introduced for consideration during this fast moving session.

AGC’s lobbying team closely monitored approximately 30 of these bills. The bills ranged from: capital construction investments, ODOT funding reallocations, career and technical education investments, public contracting preferences, and industry standards like prompt pay requirements. Many of the bills introduced this session were based on discussions that began during the 2011 session and will likely continue during the interim and in the 2013 regular session.

By the time the session finished its business on the evening of March 5, the legislature had approved a balanced budget without any serious consideration of new taxes. AGC’s top two achievements included: approval of $80 million for OSU capital construction projects and the strengthening of the industry’s prompt pay laws.

This report will give you a more detailed look at what happened with bills that AGC supported, defeated, or reshaped, and a look ahead at issues that will likely be in play in 2013.

Bills Introduced Impacting the Industry and the Economy

AGC’s team spent the majority of its time and effort on the following bills. AGC successfully
advocated for legislation strengthening prompt pay procedures and defended the industry against attacks on the low bid principle and continued attempts to create bid preferences. AGC also supported a bill that expands the number of enterprise zones, a critical tool for growing Oregon's private sector economy. For more information read below and to access the bills, click on the bill number.

**Industry Standards and Practices:**

- **HB 4034: PASSED – AGC SUPPORTED**
  Immediately following the 2011 session, AGC initiated an industry-wide discussion that led to this legislation. This bill, supported by management and labor, passed unanimously in both the House and Senate. HB 4034 strengthens existing law and clarifies prompt payment procedures. For more information on this legislation, please read [this blog post focusing on HB 4034](#).

**Public Contracting:**

- **HB 4144: DEFEATED – AGC OPPOSED**
  AGC defeated this bill. This legislation would have undermined and fundamentally redefined the long standing public contracting low bid principle. The additional requirements proposed would have required all public contracting agencies to consider the health and retirement benefits being paid to workers when awarding public improvement contracts.

- **SB 1518: PASSED WITH AMENDMENTS – AGC OPPOSED ORIGINAL BILL**
  AGC successfully reshaped this bill designed to eliminate potential favoritism in the awarding of contracted out state services. This legislation, in its original form, would have created unintended consequences for public works improvements, including bid preferences. In its final amended form, this bill adds transparency to the awarding of professional services contracts (not including engineering or architectural services).

**Economic Development:**

- **HB 4093: PASSED – AGC SUPPORTED**
  AGC supported this "jobs bills", expanding the number of enterprise zones for private investment throughout the state of Oregon.
Securing Capital Construction Investments

Leading up to and during the 2012 legislative session, AGC worked closely with the Oregon University System (OUS) to win approval for three capital construction projects at Oregon State University (OSU) that were put on hold during the 2011 legislative session. The three projects include: the OSU Student Experience Center ($42.7M), the OSU Memorial Union Renovation ($9.2M), and the OSU New Residence Hall ($29M). The state’s continued debt ceiling and bond limitations have created a new level of due diligence regarding costs and needs, to win approval for public works projects.

The bills authorizing funding for the OSU projects and roughly $10 million in community college projects are summarized below:

- **HB 5201**: This is the bonding authorization bill that is a prerequisite for HB 5202, the bill that establishes authority for the three OSU projects. It establishes an additional $81.9 million in bond issuance for these projects and an additional recommendation for $10.6 million in lottery bond authority to fund community college capital projects (also included in HB 5202). Final authorization for the community college projects will depend upon the state treasurer’s evaluation of the state’s bonding capacity.

- **HB 5202**: This is the companion bill to HB 5201. The bill establishes the authority needed for planning, design, and construction of the capital projects previously mentioned.

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Protecting the 2009 Jobs and Transportation Act Funds

**SB 1543** authorized the reallocation of unexpended revenues generated by the 2009 Jobs and Transportation Act (HB 2001).

This bill specifically authorized the reallocation of $14.5 million to new projects in the regions where projects came in under original budgets. Specifically, $5M will go to Multnomah County for the construction of improvements on State Highway 43 at the Sellwood Bridge Interchange and $9.5M will be used for project development and construction at Cornelius Pass Road near Hillsboro.
Defending Career and Technical Education (CTE) Investments

In the 2011 session, AGC joined a broad coalition that passed HB 3362 unanimously, creating a $2 million grant program for middle and high schools. Despite the 2012 budget shortfall threat, the same coalition successfully protected these grant funds against any significant cuts.

Demonstrating the growing interest in and demand for CTE investments, forty-seven organizations have submitted letters of intent to apply for these funds for programs that would be launched in the fall of 2012.

Issues Already in Play for 2013

In the new era of annual sessions, success during a legislative session is determined, now more than ever, by the work done in the interim. Many issues, like public contracting preferences, continue to come up in back-to-back sessions.

In this new legislative environment, AGC’s leaders and lobbying team must stay actively engaged in interim public policy discussions long before the beginning of the 2013 legislative session. Here is a snapshot of some of these anticipated issues:

- **CM/GC Public Contracting Workgroup**: The use of alternative public contracting methods was a hotly debated issue in the 2011 session. Post-session, legislators appointed a task force charged with reviewing the use of and appropriate execution of alternative procurement methods (CM/GC). AGC’s leaders and members are actively engaged, including: Tom Gerding and Scott Williams as AGC’s named representatives, Larry Gescher as a highway bridge contractor representative, Carl Redman as a subcontractor representative, Terry Shugrue as a CM/GC contractor representative, and Jeremy Vermilyea as co-chair of the group. In addition to contractors, the workgroup also includes a broad range of public owners and experts. To ensure that all AGC member perspectives are considered, the Legislative Committee Forum will be convened in March/April to review this legislative-appointed work group's thinking and to provide feedback to AGC’s representatives. If you would like to receive notification of these
Legislative Committee Forum meetings please email Allison Koenker.

- **Preferences:** As the 2012 session and other past sessions have demonstrated, AGC must continue to defend against proposals to include bid preference requirements for public works contracting. AGC plans to develop a white paper, in conjunction with public contracting agencies, to educate legislators on the range of unintended consequences these types of laws lead to.

- **Columbia River Crossing (CRC):** AGC will continue to work with policymakers and other stakeholders during the interim to set the stage for winning the necessary legislative approval to fund Oregon’s share of the CRC project cost ($450M) in the 2013 session.

- **Governor Kitzhaber’s “10-Year Energy Plan”:** A report on the governor’s “10-Year Energy Plan” will soon be released. AGC will be carefully monitoring for industry implications and impacts to the state's highway funding. Many political observers believe the plan will be among the top business issues with potential far-reaching negative impacts on Oregon’s economic future.

- **Career and Technical Education:** AGC will continue to be actively involved with the implementation of the grant program created by HB 3362 in 2011. The lobbying team will also be working in a coalition to strengthen and expand career and technical education opportunities in Oregon's K-12 system.

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**Policy-Making at the Ballot Box**

*Our Oregon*, a political coalition funded by public sector unions, has submitted 13 initiatives to the secretary of state for review. Once these initiatives have received the "go ahead" from the secretary of state, the necessary signature gathering efforts can begin. This may result in one or more of these initiatives being placed on the 2012 November ballot.

AGC, in concert with the broader business community, is carefully monitoring these initiatives and has been part of challenging the ballot title language. The initiatives deal with issues ranging from proposals to raise corporate and personal taxes and rates to the elimination of the corporate
kicker, among others.

To access the full list of *Our Oregon* initiatives please [click here].