

2016 LEGISLATIVE SESSION WRAP-UP

SESSION SUMMARY

A LOOK AHEAD TO 2017

INDUSTRY-SPECIFIC RESULTS

- *DEFEATED PREVAILING WAGE EXPANSION*
- *RESHAPED WAGE ENFORCEMENT PROPOSAL*
- *MONITORED FAILED CAP AND TRADE BILL*
- *PURSUED CONSTRUCTION-SPECIFIC PAID SICK LEAVE FIXES*
- *MONITORED "DUTY TO DEFEND" PROPOSAL*

SESSION SUMMARY

On Thursday, March 3, the third constitutionally mandated "short session" came to a close. This session was not "business as usual" and was certainly not what the voters had in mind in November 2010 when they approved short sessions intended to deal only with necessary budget issues and policy crises.

In 32 days, the 2016 Legislature passed three major bills that will fundamentally change Oregon's economic landscape, including: a three-tiered minimum wage that will be the highest in the country by 2022 and will make it difficult for many employers to stay in business and create jobs; a renewable energy utility mandate that will raise electricity prices by up to 40 percent while doing little to reduce carbon emissions; and a group of bills related to affordable housing that are not anticipated to actually deal with the housing market shortage.

The AGC Legislative Team:

- **Defeated** a proposal that would have expanded prevailing wage rate laws to certain private construction work;
- **Reshaped** a bill that would have dramatically expanded BOLI and the commissioner's authority, in addition to establishing a new private right of action relating to general employment laws;
- **Monitored** a bill that proposed a cap and trade system and threatened the Highway Trust Fund;
- **Pursued** a failed attempt at a legislative fix for the statewide paid sick leave law; and
- **Monitored** a bill that initially would have altered "duty to defend" laws related to construction defects and potentially impacted construction insurance rates.



*Oregon State Capitol Building
Salem, Ore.*

A LOOK AHEAD TO 2017

The 2016 Session served one critical purpose: AGC was able to identify several issues threatening the industry now and into the 2017 Session including:

- Educating legislators on the importance of Oregon's current workers' compensation system established in the 1990 Mahonia Hall Reforms,
- Defending the industry against aggressive and far-reaching regulation of off-road construction diesel equipment,
- Defending the Highway Trust Fund, and, most importantly,
- Laying the groundwork to creating necessary momentum for a transportation funding package.

INDUSTRY-SPECIFIC RESULTS

DEFEATED PREVAILING WAGE EXPANSION:

In the last week of the session, labor interests attempted, without discussion, to force the adoption of amendments requiring prevailing wages on private work for certain industrial properties receiving tax abatements. A broad based coalition, led by AGC, worked with legislators from both parties to eliminate that proposed amendment and maintain prevailing wage laws strictly for true public works. The bill ultimately passed without the proposed prevailing wage components.



RESHAPED WAGE ENFORCEMENT PROPOSAL:

After weeks of negotiation, [Senate Bill 1587](#) passed in the last hour of the 2016 Session. As originally introduced, the bill would have tipped the balance of the employer/employee relationship. It would have created a new private right of action in wage and hour claims and dramatically increased BOLI's authority to act on its own. AGC, in concert with a broad business coalition, modified the bill to focus on employers engaged in true wage theft. As passed, the bill will protect employers who make unintentional mistakes while providing enforcement for those employers who are **intentionally** violating wage and hour laws.

MONITORED FAILED CAP AND TRADE BILL:

Amid fiery minimum wage and affordable housing debates, [Senate Bill 1574](#) introduced a proposed cap and trade system. A unique element included in this proposal diverted constitutionally required highway trust funds into a special Climate Investments Account within the Highway Trust Fund. In addition, funds associated with the Climate Investment Account would have required contractors to be registered as a BOLI-approved apprenticeship agent to qualify for public works funded in this manner. Further, the bill would have created a new process for distributing Highway Trust Fund dollars distinct from traditional mechanisms. This bill received hearings only and did not pass.



PURSUED CONSTRUCTION-SPECIFIC PAID SICK LEAVE FIXES:

AGC, in concert with many other impacted industries, attempted to pass legislation clarifying and easing the implementation of the 2015 Paid Sick Leave Law. At the request of AGC, the senate president put forth [Senate Bill 1594](#) to clarify that paid sick leave should qualify for all contractors as a fringe benefit for the purpose of meeting prevailing wage rate work requirements. Despite AGC and its coalition partners' efforts, no legislation to improve the paid sick leave law passed. Instead, BOLI agreed to re-open the rulemaking process to make limited changes to the paid sick leave rules.

MONITORED "DUTY TO DEFEND" PROPOSAL:

As introduced, [Senate Bill 1590](#) would have made complicated and untested changes to Oregon's legal duty to defend claims brought against policy holders. After much debate, the potential impact on construction defect insurance rates became the central point of discussion. AGC worked behind the scenes to help ensure that this bill's proposal was discussed and analyzed for unintended impacts. Ultimately, SB 1590 died. A watered down concept, [Senate Bill 1591](#), which focused on insurance transparency, was approved by the assembly.



This report is intended to provide highlights on the bills and issues most critical to our industry and members. If you have questions on these bills or on AGC's positions, please contact [John Rakowitz](#), 503-317-1781.

AGC's Public Affairs Team operates using the chapter's Core Policy Issues, which can be found [here](#).