

2018 Legislative Session Wrap-Up

SESSION SUMMARY

A LOOK AHEAD TO 2019

HIGHLIGHTS

Session Summary

In the late afternoon of Saturday, March 3, the 2018 Legislative Session adjourned after 28 days. Once again, this session did not adhere to what was sold to voters in 2010, when Oregon amended its constitution to convene short sessions in even-numbered years.

Rather than conducting only the state's necessary business—needed budget adjustments and technical fixes to existing law—this session became an opportunity to attempt to pass some of the most controversial legislation in Oregon's history, including, California-style cap-and-trade, effectively eliminating 2013 small business tax rates, and adding a constitutional right to health care. In the end, the Oregon Senate refused by and large to approve such sweeping legislation in a short session.



The AGC Legislative Team, in conjunction with other business interests and allies:

- **Prevented** any attempt to raid SAIF's resources for the purpose of buying down the PERS unfunded liability
- **Defeated** a bill claiming to attack "wage theft" by shifting all unpaid wage liabilities to general contractors
- **Prevented** the elimination of much of the reduced 2013 small business tax rates for pass-through entities
- **Amended** the governor's Construction Contractors' Board residential licensure bill
- **Passed** an exemption allowing the use of handheld electronic devices to conduct construction work
- **Defeated** the Oregon Legislature's third attempt to adopt California's off-road diesel equipment regulations
- **Supported** ODOT's request for 111 new project delivery positions needed for implementing the 2017 \$5.2 billion transportation funding package

A Look Ahead to 2019

The 2018 Session served as a preview to the biggest issues facing our industry as we look towards the 2019 Legislative Session. AGC's lobbying team will begin working now to ensure the industry is in the best possible position to either defeat or reshape far-reaching environmental regulations, tax policy, and new employment-related mandates. The specific issues include:

- Defending the industry against aggressive and far-reaching regulation of off-road construction diesel equipment
- Defending the Highway Trust Fund and its questionable use in the context of the cap-and-trade program proposal
- Ensuring our industry is shaping any new construction-specific "wage theft" laws and paid family leave mandates
- Engaging in the business community's tax policy and cost-containment strategy development

Highlights

LED THE EFFORT DEFEATING A CONSTRUCTION FOCUSED “WAGE THEFT” BILL

Proponents introduced [House Bill 4154](#) as a means to attack a growing “wage theft” issue in the construction industry. This bill, as introduced, would have done nothing to solve a perceived wage theft issue. Instead, the bill shifted who paid for any unpaid wage claims. It also created multiple new private rights of action and liabilities for general contractors. Due to the coalition AGC led and organized opposing the bill, it was [amended](#) to eliminate the new private rights of action and to limit the liability if the general contractor had already paid the subcontractor in full. This version of the bill passed in the House by the narrowest margin possible, 31 votes, and failed to be scheduled for a hearing in the Senate. Looking toward 2019, we can now expect the issue of “wage theft” to be championed by social justice advocates as well as the proponents of this bill, private labor unions.



JOINED THE BUSINESS COMMUNITY IN RESHAPING THE THREAT TO OREGON'S SMALL BUSINESS TAX CUTS

[Senate Bill 1528](#), as originally introduced, effectively eliminated the small business tax cut adopted in the Grand Bargain in 2013. This version would have limited the reduced pass-through income tax rates to the first \$250,000 of income. In addition, the tax rates would have increased from 7.2 percent to 9.9 percent for pass-through entities with more than \$250,000 of income.

The final version of [SB 1528](#) passed on a simple majority vote rather than a supermajority, traditionally required for revenue raising laws. The good news is the state will remain connected to the new federal provisions allowing 100 percent first-year depreciation and an increased expensing of capital. The bad news: Oregon will disconnect from the federal 20 percent income deduction for pass-through entities.



The bill that passed will produce an estimated \$244 million in new revenue for the current budget cycle of 2017–2019.

AMENDED GOVERNOR'S CCB LICENSURE REQUIREMENT BILL

The governor's office introduced [House Bill 4144](#) with the goal of increasing the number of contractors available to build affordable housing in rural Oregon. This bill creates a pilot program and allows individuals with eight years of experience to take the CCB residential licensure exam without taking the class first, and waives the exam fee. It has similar provisions for plumbing and electrical contractors. HB 4144 also establishes a grant program for new sole proprietors building affordable housing outside the Willamette Valley.



AGC raised concerns regarding the impact of the bill to change the market forces limiting the number of available contractors in rural Oregon. AGC also advocated for an [amendment](#) to monitor the quality of new contractors created by this pilot program. The final version of this law requires the Construction Contractors Board and the Building Codes Division to report the number of new contractors created and review any complaints received regarding these contractors to the Oregon State Legislature in 2020.

FIXED 2017 LEGISLATION TO ALLOW THE USE OF A HANDHELD ELECTRONIC DEVICE IN A WORK ZONE

In the 2017 Session, legislation passed that significantly restricted the use of handheld electronic devices while on public roadways, with very few exemptions. This legislation intentionally or unintentionally penalized the use of mobile devices during construction work on public roadways.



AGC worked closely with other industries to pass [HB 4116](#) and make necessary changes to Oregon's 2017 Distracted Driving Law. This bill allows the use of mobile electronic devices on public roadways while performing construction work. The bill passed unanimously in the House and Senate.

SUPPORTED ODOT'S STAFFING BUDGET REQUEST

AGC worked closely with ODOT's leadership to ensure the passage of [Senate Bill 5201](#) that includes funding of the 111 new project delivery positions needed to implement Oregon's 2017 \$5.2 billion transportation funding package. Despite this increased staffing capacity, ODOT anticipates increased outsourcing of both design and construction engineering.



This report is intended to provide highlights on the bills and issues impacting our industry and members. If you have questions on these bills, 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](#). If you have questions regarding AGC's core policies, please feel free to contact the Legislative Forum Co-Chairs Dee Burch and Tom Gerding.