

The background of the top half of the page is a photograph of the Oregon State Capitol building in Salem. The building is a large, classical-style structure made of light-colored stone or marble. It features a prominent central dome topped with a golden statue of a figure. The sky is blue with scattered white clouds. The text "STATE OF OREGON" is visible on the building's facade.

# 2026 OREGON LEGISLATIVE SESSION REPORT

## SESSION SUMMARY

Oregon's 35-day even-year legislative session opened in early February at a dizzying pace with flurries of significant policy bills receiving hearings in the first several days. From proposals to disconnect state law from the federal tax code to proposing the creation of felony sanctions for certain employer workplace violations, the session was full of ideas that ran directly afoul of a focus on "strengthening Oregon's business climate." AGC and its partners pushed back on these harmful proposals, successfully defeating many bills or mitigating their industry impacts.

As the session convened, legislative leaders expressed concern regarding significant state budget constraints and lamented the detrimental impacts that could have on new and existing programs. While these budget constraints turned out not to be as dire as they were portrayed, legislators continued to use this narrative as justification for significant policy shifts, such as a partial disconnect from the federal tax code.

This report includes the primary threats and opportunities our industry faced this session, as well as other important bills of note. Our team is grateful for the engagement of AGC members on these important issues, through testimony, strategy discussions, and Voter Voice activation. We could not do what we do in Salem without the expertise and brainpower of our membership. Thank you all!

# Public Infrastructure Investments/Transportation

## **FAILED: ROAD USAGE CHARGE – HB 4126**

HB 4126 charged the Oregon Department of Transportation (ODOT) with the task of collecting the information needed to transition the state toward a Road Usage (per-mile) Charge program as conversations continue around transportation funding. AGC supported the concept as it related to the work needed to transition the majority of Oregonians from paying the gas tax to a Road Usage Charge program. The bill was voted out of its policy committee, but ultimately did not receive the funding needed in the budget process.

## **FAILED: WORK ZONE SAFETY BILL – HB 4081**

AGC partnered with the chair of the House Transportation Committee to bring back the bill to allow automated photo radar in active state highway work zones when workers are present. The bill failed because of an unexpected fiscal statement issued by the Judicial Department (OJD) in the 2025 session. As a result, AGC worked with agency staff throughout the interim to address issues that would reduce the fiscal impact from the OJD. The bill had broad bipartisan support in both the House and Senate and passed out of the policy committee with strong momentum. Ultimately, the bill stalled and died in the budget committee this time due to the funding required to implement the program at ODOT, given the agency's recent issues with its operating budget.

## **FAILED: ODOT CHANGES/OTC MEMBERSHIP – SB 1543**

SB 1543 was introduced by a coalition of environmentally-focused transportation advocate groups, which would have completely changed the makeup and responsibilities of the Oregon Transportation Commission (OTC). The proponents of the bill have been advocating for a fix-it-first policy throughout the transportation funding conversation; they want to see less money spent on capital projects and more money on preservation, maintenance, transit, and investments in other modes of transportation. Had SB 1543 passed, the existing OTC commissioners would have been replaced. Additionally, there would be new positions with the requirement that one member must primarily use a mode of transportation other than a motor vehicle, and that one non-voting member from the House of Representatives and one non-voting member from the Senate would serve on the commission. Aside from the OTC membership shakeup, the bill also dictated the way the commission would issue bonds for projects and manage debt. For all of these reasons, as well as the ongoing broader conversations around finding sustainable transportation funding, AGC opposed this bill, and it did not make it out of its policy committee before the first chamber deadline.

## **PASSED: TRANSPORTATION TAX VOTE DATE CHANGE – SB 1599**

One of the most contentious issues this session was SB 1599, which would move the referendum on the transportation taxes from the Special Session in 2025 to the May ballot instead of the November ballot. The bill also made significant changes to the typical ballot process, including the ballot title and explanatory statement in the voter's pamphlet. The change was political in nature: changing which election the vote would be could have a significant impact on the gubernatorial race that will also be on November's ballot. After many delays, the bill ultimately passed in the final days of the session. It was followed by several immediate legal challenges, so this issue will ultimately be decided by the courts.

## **PASSED: ODOT FUNDING REALLOCATIONS – SB 1601**

Following the failed transportation package in the 2025 Session and the referral of the 2025 Special Session transportation funding plan, there was pressure to find a temporary funding source for ODOT in the 2026 Session. Rather than a full funding package, patchwork funding for ODOT was placed in a broader budget bill. The funding comes from moving project funding, including different uses of federal funds, as well as the movement of resources from other ODOT programs to operations and maintenance. The project funding impacts are decreasing improvements to Graham Rd. where it intersects with I-84 in the City of Troutdale, from \$201,950,000 to \$195,950,000, and the cancellation of the Highway 58 project (adding passing lanes west of the City of Oakridge) with \$6M previously approved for the Highway 58 project is redirected to operations and maintenance. However, the bill allows ODOT to expect up to \$85M of unobligated federal funds to finance HB 2017 projects.

Other funding changes include: \$85M of moneys collected through taxes and fees rather than the limitation of 6% established in HB 2017 while maintaining the apportionment for the other categories, as well as the following transfers to operations and maintenance, \$42M from the Connect Oregon Fund, \$8M from the Multimodal Active Transportation Fund, \$17M from Safe Routes to Schools Fund, \$20M from ODOT's Operating Fund, and \$5M from the Student Driver Training Fund.

While these funding shifts provide a temporary budgetary solution for ODOT, a permanent solution to deal with the funding gap is still needed. AGC continues to push for comprehensive changes to ODOT's funding sources, and this conversation will continue as the 2027 Session approaches.

# Industry Standards and Practices

## **FAILED: PROMPT PAY – HB 4010**

HB 4010 was introduced to address issues arising from delayed payments across the construction industry. The bill required contracting agencies that require additional work outside the scope set forth in the initial contract to issue change orders for the additional work within a specified time or to pay interest. It also required similar duties from contractors to subcontractors and from owners to contractors in private construction contracts.

AGC was consulted on the bill heading into the legislative session, and had several suggestions on ways to improve upon it. The bill did not move forward this session, but there is momentum to discuss it during the interim, with hopes of a bill in the 2027 Session. Given prompt pay issues that regularly arise, AGC looks forward to engaging on this issue with subcontractor groups to determine what changes are needed.

## **PASSED & FAILED: PERMITTING REFORM – HB 4019, HB 4020**

Both HB 4019 and HB 4020 were introduced as bills to help streamline the permitting process in Oregon and help address the delays that businesses experience in the process. HB 4019 applied to the Department of Environmental Quality (DEQ), Department of Transportation (ODOT), Department of State Lands (DSL), Department of Energy (ODOE), and Department of Geology and Mineral Industries (DOGAMI), and required that agencies base approval or denial of a new permit application on the rules and standards applicable at the time the agency determines the application is complete. HB 4019 did not receive a hearing.

HB 4020 applies to DEQ, ODOT, DSL, ODOE, and DOGAMI, and requires that each agency provide statutory/regulatory authority for denial as well as guide the applicant on how to contest the denial. It also requires that the agencies identify performance measures and what slows processing or issuance of permits. This bill passed this session and jump-starts the conversation on further permitting reform. Permitting reform has become a focus of several legislators, and AGC will continue to engage with these legislators ahead of the 2027 Session.

# Industry Standards and Practices Cont.

## **PASSED: JOINT PERMITTING COUNCIL – HB 4084**

In addition to HB 4019 and HB 4020, HB 4084 aimed to help with permitting issues in Oregon. It created a Joint Permitting Council to create a permitting fast-track for certain projects. The bill also improves the enterprise zone program, while not adding any additional labor requirements, which has been brought forward in past sessions. Unfortunately, an amendment was adopted that created a moratorium on enterprise zone permits for new data centers and extending data center tax incentives until after the 2027 session. This resulted from negative press around data centers and pushback from certain legislators and stakeholders. However, the moratorium doesn't apply to long-term rural e-zones, which decreases its impact.

## **PASSED: THIRD-PARTY PERMITTING AT DEQ – HB 4102**

HB 4102 clarified an existing statute that allows developers or permittees to hire third-party contractors through the Department of Environmental Quality (DEQ) to expedite or enhance a regulatory process when backlogs create a barrier, and the permittee has the funds to pay for the expedited services. The bill passed unanimously in the House, but when it reached the Senate, there was an amendment introduced that would have undone the efficiencies the introduced version of the bill delivered, including mandating construction labor standards, requiring the payment of prevailing wage rate as a minimum payment, or signing a project labor agreement to satisfy all the other terms and conditions of the construction labor standards in the amendment. Fortunately, the scope of the bill maintained its original intent and passed without any amendments requiring additional labor provisions.

## SESSION BY THE NUMBERS

304

BILLS  
INTRODUCED

143

BILLS  
PASSED

79

BILLS AGC  
TRACKED

# Competitive Public Works Contracting Laws

## **FAILED: PREVAILING WAGE FOR AFFORDABLE HOUSING – SB 1566**

SB 1566 was introduced in response to several determinations by the Bureau of Labor and Industry (BOLI) commissioner regarding affordable housing projects over the past few years. In the current statute, the BOLI commissioner has significant discretion over whether the prevailing wage rate applies to affordable housing projects when public funds are invested in infrastructure or site readiness. AGC supported SB 1566 because it sought to clarify the gray area in the statute regarding where the prevailing wage rate would apply and would hopefully lead to more housing production across the state. Specifically, the bill clarified that funds of a public agency do not include any loan from a public agency to a private entity, including money derived from the sale of bonds that a state agency lends to a private entity or value added to land through road construction or utilities. It also changed the threshold for prevailing wage, making it so that it does not apply to contract prices less than \$250,000, other than in Clackamas, Lane, Marion, Multnomah, Polk, Washington, or Yamhill counties (in those counties, it would remain \$50,000).

Additionally, prevailing wage would not apply to a privately owned project for residential use where 60% or more units are affordable housing, even if it includes a non-profit onsite childcare facility, commercial use of not more than 15% of available ground floor space, or previously used for a purpose other than residential. The bill received a public hearing and a fair amount of media coverage, but ultimately did not advance out of its policy committee before the first chamber deadline.



# Workers' Compensation System Changes

## **PASSED: INCREASED TIME-LOSS PAYMENTS – SB 1519**

Last session, there was a bill to significantly increase time loss payments for workers on temporary and permanent total disability for workers' compensation. The bill failed in the legislature after not receiving a recommendation from the Management Labor Advisory Committee (MLAC). Over the summer, MLAC convened a subcommittee to develop a compromise, which resulted in SB 1519. Stacy Lewallen (Fortis Construction) sits on MLAC and was a key part in negotiations during the subcommittee process.

SB 1519 adjusts the time-loss benefit calculation by increasing the wage rate from 66⅔% to 75% for wages below 75% of the state average weekly wage, and to 65% for wages above that threshold. This targeted approach better supports lower wage workers while avoiding across-the-board increases and maintaining balance in the workers' comp system. The bill passed unanimously out of both chambers.

## **PASSED: BOLI FUNDING/WORKERS' BENEFIT FUND SUBACCOUNT – SB 1506/ HB 4027**

SB 1506/HB 4027 were introduced following a workgroup process on a permanent funding source for BOLI. A variety of options were presented, including options that would have had employers as the main funders. The workgroup landed on two different funding sources. The first was increasing the cap on the prevailing wage fee that public agencies pay to BOLI. Currently, the cap is set at \$7,500 and has not been adjusted since 2009. The proposal was to increase the cap to \$12,500.

The more controversial funding source was to create a subaccount within the Workers' Benefit Fund at the Workers' Compensation Division. An increase to the current assessment would then be placed into that subaccount, which will be held separate from the other funds in the account. The assessment is divided equally between employers and employees, making this option the fairest of those proposed. The increase to the assessment, as proposed, would total around \$4 per employee per year.

Given the nexus to the workers' compensation system due to the location of the subaccount, AGC pushed for MLAC to provide a recommendation on the issue. MLAC determined that this change would not affect the functions of the Workers' Benefit Fund. AGC went neutral on the bill once it moved through MLAC. However, there continues to be a question of whether this bill should have been subject to a 3/5 majority vote, as a bill that raises revenue. This issue continues to be discussed, even after the bill's passage.

# Workers' Compensation System Changes Cont.

## **PASSED & FAILED: CHIROPRACTORS, NURSE PRACTITIONERS, AND PHYSICIAN ASSOCIATES IN WORKERS' COMPENSATION – HB 4040, HB 4119**

As conversations continue about access to care in the workers' compensation system, there were two bills this session that changed who could have attending physician status within the system. HB 4040 was this session's healthcare "omnibus bill," containing a variety of healthcare issues. One of those issues was including physicians' associates and nurse practitioners as "attending physicians" for workers' compensation. AGC supported this change, as it received MLAC's support for increasing access to care.

HB 4119 was this session's iteration of a perennial bill from a persistent chiropractor to give chiropractors the ability to be attending physicians. AGC joined SAIF in opposing this policy shift, given the issues arising from chiropractors serving as attending physicians before the Mahonia Hall reforms. HB 4119 did not receive MLAC's support and did not move out of committee this session.

## **Tax Issues**

### **PASSED: FEDERAL DISCONNECT – SB 1507**

One of the biggest concerns for Democratic leadership coming into the 2026 Session was a perceived budget hole that needed to be filled. Democrats targeted disconnecting from the federal tax code, particularly in light of changes from the federal House Resolution 1 in 2025. After pre-session negotiations, the attack on the federal connection was narrowed to a partial disconnect, with changes expected to bring in \$300M in the next 18 months. SB 1507 disconnects Oregon from the federal tax code for bonus depreciation (Section 168k), interest on new car loans, and improved tax treatment for qualified small business stock. It is important to note that the disconnect does not apply to Section 179 expensing.

AGC strongly opposed this bill, in coalition with the broader business community. We focused in particular on the bonus depreciation aspect of the disconnect and the impact that would have on our members. However, despite significant opposition from business, the bill passed.

# Employment & Liability Issues

## **PASSED: FELONY FOR EMPLOYERS RE: PAYMENT TO EMPLOYEES – HB 4089**

This bill started as a hugely problematic bill that would make all employers in all industries subject to felony charges for accidental payroll errors, as well as changing penalties around the use of labor brokers. It also created a Class C felony for any person who hired an unlicensed contractor and knew, or should have known, that the contractor was unlicensed. This would have created expansive criminal liability for everyone in the construction industry, given the breadth of the “should have known” standard.

Following an intense hearing on the bill as drafted, HB 4089 was narrowed to focus only on construction. The amendment included a hugely problematic section that would have created upper-tier criminal liability for the use of unlicensed labor brokers by subcontractors, creating misdemeanor and felony charges for contractors who did not even directly hire unlicensed labor brokers.

AGC worked with the bill proponents (the Carpenters' Union) to amend the bill to focus on intentional acts that are already against the law. The result was a bill that creates Class A misdemeanor charges only for the direct contractor knowingly hiring an unlicensed labor broker, with a repeat offense being a Class C felony. It also increases the criminal penalty for someone using another contractor's license from a misdemeanor to a felony. The amended bill passed in the final days of the session.

## **PASSED: BOLI/CCB SPECIAL PROJECT RE: UNLICENSED LABOR BROKERS – HB 4012**

Following discussions about unlicensed construction labor brokers during the 2025 Legislative Session, Representative Grayber convened a workgroup to explore potential solutions. HB 4012 is the result of that workgroup. The bill directs BOLI and the Construction Contractor's Board (CCB) to study issues related to unlicensed labor brokers and to develop proposals to address any identified problems. This work will continue over the next two years. AGC will remain engaged with the agencies throughout this process. The bill passed out of both chambers almost unanimously.

# Employment & Liability Issues Cont.

## **PASSED & FAILED: IMMIGRATION ISSUES – HB 4111, HB 4150**

In response to federal immigration activity, there were a variety of immigration-related bills introduced this session. The two that would directly impact AGC members were HB 4111 and HB 4150. HB 4150 would have required contractors who received public contracts to certify that they do not and will not transport individuals detained by federal agencies for the purpose of deportation. The bill had a public hearing, but did not move out of committee.

HB 4111 included multiple provisions, most significantly one that imposed liability on employers for retaliating, discriminating, or taking adverse action against an employee for changing their name, social security number, or employment authorization documents. Oregon Business and Industry Association (OBI) and other industry partners negotiated so that employers are protected if the action taken was in response to federal employment authorization requirements. The significantly mitigated bill was passed in the last days of the session.

## Environmental Issues

### **FAILED: CLIMATE SUPERFUND – SB 1541**

Introduced as a committee bill in the Senate Natural Resources and Wildfire Recovery Committee, the “Climate Superfund” bill would have created an interagency cost recovery program between the Department of Land Conservation and Development (DLCD), DEQ, Department of Emergency Management (OEM), Oregon Health Authority (OHA), and the Oregon State Fire Marshall to respond to, avoid, moderate, repair, or adapt to the negative impacts caused by climate change. The bill would have looked at a snapshot in time from 1995 through December 2024 and would have created strict liability for entities or parties for the costs of climate change, based on their proportionate share the state’s costs. AGC opposed this bill, along with a strong coalition of other business organizations. The committee bill was voted out on a party-line vote and died in the budget committee.

# Miscellaneous Bills

## **PASSED: CAMPAIGN FINANCE – HB 4018**

When HB 4024 passed in the 2024 Session, it made sweeping changes to Oregon’s campaign finance laws. When passed, it was clear that significant rulemaking and possibly further legislative fixes would be needed down the road. As the 2027 date for implementation draws nearer, those fixes (including some to deal with issues that have arisen in rulemaking) needed to happen during this legislative session. AGC supported this bill, following OBI’s lead and in coalition with other industry groups.

The primary fix that AGC was focused on was one that would clarify provisions in rulemaking around “established, financed, maintained or controlled” entities, which connects entities and applies contribution limits in the aggregate. Under this provision, if an AGC member contributed to a candidate, and AGC’s PAC did as well, there would be a campaign finance violation for the member, AGC’s PAC, and the candidate, if the combined contribution was above the individual contribution cap. After significant legislative debate around the issue, the bill passed in the final days of the session.

## Legislative Forum

Interested in learning more about the legislative process and the positions AGC takes? AGC’s Legislative Forum is open to all members and helps set our agenda and core policies before each legislative session. If you’re interested in joining or learning more, please reach out to Kirsten Adams.  
- Legislative Co-Chairs Dee Burch (Advanced American Construction) & Tom Gerding (Gerding Companies)

### **THIS REPORT BROUGHT TO YOU BY:**

**Kirsten Adams, Chief Strategy and Policy Officer: 503-990-2262 | [kirstena@agc-oregon.org](mailto:kirstena@agc-oregon.org)**

**Maggie Gerlicher, Public Affairs Manager: 971-412-1063 | [maggieg@agc-oregon.org](mailto:maggieg@agc-oregon.org)**

**Tanner Lloyd, Strategic Affairs Manager: 971-940-4193 | [tannerl@agc-oregon.org](mailto:tannerl@agc-oregon.org)**



9450 SW Commerce Circle #200, Wilsonville, OR 97070



503-682-3363



[agc-oregon.org](http://agc-oregon.org)



Associated General Contractors  
Oregon-Columbia Chapter



@AGCOreCol



AGC Oregon-Columbia  
Chapter