

SB 426

PROTECTS WORKERS WHO BUILD OUR COMMUNITIES

SB 426 seeks to strengthen protections for construction workers in Oregon by introducing joint and several liability for certain stakeholders in private and public construction contracts for unpaid wages, fringe benefits, and penalties owed to workers by their subcontractors at any tier. Additionally, SB 426 encourages better vetting of subcontractors, careful analysis of wage payment and worker classification practices, and proactive prevention of wage theft.

SB 426 focuses on the construction industry not only because it is notorious for wage theft but because it is an industry where we see extraordinary labor market fissuring. This fissuring stems from the widespread use of labor intermediaries, such as subcontractors and labor brokers, which often outsource legal and financial responsibility for workers.

Engagement of layers upon layers of contractors, subcontractors, and labor brokers incentivizes wage theft in the construction industry by favoring inexpensive subcontractors, including those who cut costs by denying workers their legally earned wages. This structure not only promotes wage theft but also complicates wage recovery, as undercapitalized or transient subcontractors may lack the resources or willingness to pay wages owed, leaving workers without recourse.

In addition to wage theft, labor trafficking has become an increasingly alarming issue in construction. Recent reports from other states indicate that over 20% of construction workers experience labor trafficking – a figure likely underreported due to the industry's heavy reliance on immigrant workers, who are often reluctant to report illegal practices out of fear of retaliation or deportation.

Contractors and other key stakeholders in the contractual chain hold significant market power and are uniquely positioned to influence the behavior of subcontractors in ways that protect workers. To address these critical issues, the construction industry needs a solution that combines strong legal protections against wage theft with the right access to capital to ensure workers can recover stolen wages.

By establishing joint and several liability for certain stakeholders, SB 426 tackles the root causes of both wage theft and human trafficking in the construction industry. It ensures accountability throughout the contractual chain, encourages compliance with labor laws, and strengthens protections for workers. Ultimately, SB 426 will foster a fairer, more ethical construction industry that upholds and safeguards the rights of its workforce.



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