

## **Testimony in Support of SB 426**

Chair Prozanski, Vice-Chair Thatcher, and Members of the Committee,

My name is Kathy Lara, Policy Analyst for the Oregon Center for Public Policy, and I respectfully submit this testimony in support of Senate Bill 426 on behalf of the Center. The Oregon Center for Public Policy is a nonpartisan think tank that uses research and analysis to improve the economic outcomes for all Oregonians, especially for those struggling to make ends meet.

When Oregonians go to work, they expect to be paid. Despite laws to protect employees from being stiffed by their employers, too many workers in Oregon — particularly in the construction industry — aren't paid the wages they've earned.

Senate Bill 426 introduces stronger protections for workers in the construction industry by holding both owners and direct contractors jointly and severally liable for unpaid wages. This is a commonsense policy to the problem of wage theft in this industry.

**SB 426 ensures shared responsibility between owners and contractors.** Wage theft in the construction industry has been a persistent problem. In our studies of wage theft, construction is often at the top or near the top when it comes to problematic industries. SB 426 would address this issue by making the owners — the ultimate beneficiaries of the labor of construction workers — and the contractors they hire jointly liable for unpaid wages.

**SB 426 creates additional avenues for construction workers to recover unpaid wages.** In situations where a contractor or subcontractor absconds or otherwise fails to pay wages owed, SB 426 can minimize the barriers that exist for construction workers to recover their unpaid wages. The bill would allow non-union employees or their representatives, as well as the Oregon Attorney General, to file a civil action to recover the unpaid wages. This is a vital step toward accountability, as

the bill ensures that liability for unpaid wages applies to owners and direct contractors, regardless of the tiers or layers of subcontracting in the industry.

**SB 426 confronts wage theft by addressing the power imbalances in the industry.** The prevalence of wage theft is ultimately the result of the power imbalance that exists between workers and those who employ them. Contractors and subcontractors can more easily exploit non-unionized workers because they don't have a union to protect their interests. By making owners and direct contractors jointly liable for unpaid wages, SB 426 corrects some of the power imbalance by giving owners (and general contractors) an incentive to ensure that those who they hire pay workers the wages they've earned.

Wage theft robs hardworking Oregonians of resources they need to take care of their families and communities. It's a widespread problem in the construction industry, and it needs to be addressed. SB 426 is a commonsense solution that makes sure those who benefit most from workers' labor have a vested interest in ensuring that these workers get paid what they've earned.

We urge you to support SB 426.

**Our mission is to achieve economic justice for all Oregonians through research, analysis, and advocacy.**

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