

# B-Engrossed House Bill 2674

Ordered by the House June 6  
Including House Amendments dated April 30 and June 6

Sponsored by Representative WITT; Representatives BARKER, BARNHART, BONAMICI, BUCKLEY, CANNON, CLEM, DALLUM, DINGFELDER, D EDWARDS, GALIZIO, GELSER, GREENLICK, HOLVEY, NATHANSON, READ, RILEY, ROBLAN, ROSENBAUM, SCHAUFLEER, SHIELDS, TOMEI (at the request of Bureau of Labor and Industries)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires employer to pay over, in accordance with law or agreement requiring or authorizing deductions from wages, amounts deducted from employee's wages. Makes failure to pay as required unlawful deduction. Allows Commissioner of Bureau of Labor and Industries to assess civil penalty for unlawful deduction.

**Adds tax exempt organization designated by rule of state agency to definition of "foundation" for purposes of authorized deductions from state agency officer and employee wages and salaries.**

## A BILL FOR AN ACT

1  
2 Relating to deductions from wages; creating new provisions; and amending ORS 292.043, 652.610 and  
3 652.900.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 652.610 is amended to read:

6 652.610. (1) All persons, firms, partnerships, associations, cooperative associations, corporations,  
7 municipal corporations, the state and its political subdivisions, except the federal government and  
8 its agencies, employing, in this state, during any calendar month one or more persons, and with-  
9 holding for any purpose[,] any sum of money from the wages, salary or commission earned by an  
10 employee, shall provide [*such*] **the** employee on regular paydays with a statement sufficiently item-  
11 ized to show the amount and purpose of [*such*] **the** deductions made during the respective period  
12 of service [*which said*] **that the** payment covers.

13 (2) The itemized statement shall be furnished to the employee at the time payment of wages,  
14 salary or commission is made, and may be attached to or be a part of the check, draft, voucher or  
15 other instrument by which payment is made, or may be delivered separately from [*such*] **the** instru-  
16 ment.

17 (3) [*No*] **An** employer may **not** withhold, deduct or divert any portion of an employee's wages  
18 unless:

19 (a) The employer is required to do so by law;

20 (b) The deductions are authorized in writing by the employee, are for the employee's benefit[,]  
21 and are recorded in the employer's books;

22 (c) The employee has voluntarily signed an authorization for a deduction for any other item,  
23 provided that the ultimate recipient of the money withheld is not the employer[,] and that [*such*] **the**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 deduction is recorded in the employer's books;

2 (d) The deduction is authorized by a collective bargaining agreement to which the employer is  
3 a party;

4 (e) The deduction is authorized under ORS 18.736; or

5 (f) The deduction is made from the payment of wages upon termination of employment and is  
6 authorized pursuant to a written agreement between the employee and employer for the repayment  
7 of a loan made to the employee by the employer, if all of the following conditions are met:

8 (A) The employee has voluntarily signed the agreement;

9 (B) The loan was paid to the employee in cash or other medium permitted by ORS 652.110;

10 (C) The loan was made solely for the employee's benefit and was not used, either directly or  
11 indirectly, for any purpose required by the employer or connected with the employee's employment  
12 with the employer;

13 (D) The amount of the deduction at termination of employment does not exceed the amount  
14 permitted to be garnished under ORS 18.385; and

15 (E) The deduction is recorded in the employer's books.

16 **(4) When an employer deducts an amount from an employee's wages as required or au-**  
17 **thorized by law or agreement, the employer shall pay the amount deducted to the appropriate**  
18 **recipient as required by the law or agreement. The employer shall pay the amount deducted**  
19 **within the time required by the law or the agreement or, if the time for payment is not**  
20 **specified by the law or agreement, within seven days after the date the wages from which**  
21 **the deductions are made are due. Failure to pay the amount as required constitutes an un-**  
22 **lawful deduction.**

23 [(4)] (5) [Nothing in this section shall be construed as prohibiting] **This section does not:**

24 (a) **Prohibit** the withholding of amounts authorized in writing by the employee to be contributed  
25 by the employee to charitable organizations, including contributions made pursuant to ORS 243.666  
26 and 663.110; [nor shall this section]

27 (b) **Prohibit** deductions by check-off dues to labor organizations or service fees[, where such is]  
28 **when the deductions are** not otherwise prohibited by law; **or** [nor shall this section]

29 (c) Diminish or enlarge the right of any person to assert and enforce a lawful setoff or  
30 counterclaim or to attach, take, reach or apply an employee's compensation on due legal process.

31 **SECTION 2.** ORS 652.900 is amended to read:

32 652.900. (1) In addition to any other penalty provided by law, the Commissioner of the Bureau  
33 of Labor and Industries may assess a civil penalty not to exceed \$1,000 against any person who vi-  
34 olates ORS 652.020, 652.140, [or] 652.145 **or 652.610 (4)** or any rule adopted pursuant thereto.

35 (2) Civil penalties under this section shall be imposed as provided in ORS 183.745.

36 (3) [All penalties recovered] **All sums collected as penalties under this section shall be first**  
37 **applied toward reimbursement of costs incurred in determining the violations, conducting**  
38 **hearings under this section and addressing and collecting the penalties. The remainder, if**  
39 **any, of the sums collected as penalties** under this section shall be paid into the State Treasury  
40 and credited to the General Fund and [are] is available for general governmental expenses.

41 **SECTION 3.** The amendments to ORS 652.610 and 652.900 by sections 1 and 2 of this 2007  
42 Act apply only to deductions made on or after the effective date of this 2007 Act.

43 **SECTION 4.** ORS 292.043 is amended to read:

44 292.043. (1) As used in this section:[,]

45 (a) "Foundation" means:

1       **(A) A tax exempt organization designated by a rule adopted by a state agency; or**

2       **(B)** A tax exempt organization designated by the State Board of Higher Education to solicit  
3 contributions for the support of an institution of higher education under the jurisdiction of the  
4 board.

5       **(b) “Salary and wages” has the meaning given that term in ORS 292.014.**

6       (2) Any state official authorized to disburse funds in payment of salaries or wages[, *as defined*  
7 *in ORS 292.014,*] **of the officers and employees of a state agency, or** of the officers, teachers,  
8 instructors and other employees of the Department of Higher Education, is authorized, upon written  
9 request of the individual, to deduct each month from the salary or wages of the individual the  
10 amount of money designated by the individual for payment to a foundation.

11       (3) The individual may withdraw the authorization at any time if the individual so notifies such  
12 officer in writing.

13       (4) The moneys so deducted shall be paid over promptly to the foundation designated by the  
14 individual. Subject to any rules prescribed by **a state agency or** the State Board of Higher Educa-  
15 tion, the state official authorized to disburse the funds in payment of salaries and wages may pre-  
16 scribe any procedures necessary to carry out this section.

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