



Associated Oregon Industries

# AOI TESTIMONY ON SENATE BILL 573 SENATE GENERAL GOVERNMENT COMMITTEE

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AOI strongly opposes SB 573. The bill is reckless and bypasses any due process by allowing any employee or former employee who alleges to have a wage claim to file for a lien against an employer's real or personal property for the amount of wages alleged to be owed.

There are no controls in this concept. No judicial findings necessary. No evidentiary showing needed. No determination on the validity of the claim. No exhaustion of administrative remedies required. In fact, there is no need to make a wage claim with BOLI at all.

Based on SB 573, it appears the lien would be automatic once the wage lawsuit was filed and the employee files a notice of claim of lien and pays the filing fee.

Senate Bill 573 will have the effect of tying up an employer's assets – adversely affecting an employers' credit rating and affecting the ability to buy or sell property – all for an unsubstantiated wage claim. No business could obtain a loan with such a lien. SB 573 would hinder economic activity based on allegations of unpaid wages.

Senate Bill 573 is simply outrageous and will become a vehicle for uncontrolled abuse. The same lawyers today who are essentially wage claim factories will also become efficient at filing liens.

The out-of-control process laid out in SB 573 will also become a weapon in corporate organizing campaigns since no substantiation of the wage claim is necessary to file a lien.

Finally, SB 573 is contrary to the direction the Legislature has forged with regard to resolving wage disputes. In 2011, the Oregon Legislature passed HB 2040, which enhanced communication between employee and employer and eliminated the game of "gotcha" that is often played with wage claims by requiring employees (or their attorneys) to be more specific in their demand letter for wages that are alleged to be owed.

This way, employers would know what was alleged to be owed and respond accordingly. If wages are paid within 12 days of notice, then an employer must pay a 100% penalty on the amount of unpaid wages. If an employer does not pay within 12 days, then a 30-day penalty wage would apply in addition to attorney fees.

Oregon law already provides stiff penalties to employers who fail to pay wages in a timely manner. SB 573 is unreasonable in light of existing penalties.