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# MEMORANDUM

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**To:** *Transportation and Economic Development Subcommittee*

**From:** *Susie Jordan, Legislative Fiscal Office*  
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**Date:** April 19, 2013

**Subject:** *HB 2113 relating to Farm Labor Contractor Licenses*  
*Public Hearing*

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HB 2113 relates to increasing the maximum fee the Bureau of Labor and Industries can charge for a Farm Labor Contractor's License. The measure becomes effective January 1, 2014.

The measure, the original staff measure summary, preliminary Joint Committee on Ways and Means staff measure summary, revenue impact statement [if available], and fiscal impact statement are available on the Oregon Legislative Information System (OLIS).

The measure previously had a work session in the House Business and Labor Committee on March 13, 2013 and was referred to the Joint Committee on Ways and Means with a "do pass" recommendation.

The measure has a \$ 37,750 fiscal impact and a \$58,100 revenue impact for the 2013-15 biennium.

**PRELIMINARY STAFF MEASURE SUMMARY****CARRIER:**

House Committee on Business &amp; Labor

**REVENUE: No revenue impact****FISCAL: May have fiscal impact, statement not yet issued****SUBSEQUENT REFERRAL TO: Joint Committee on Ways & Means****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Jan Nordlund, Administrator**Meeting Dates:** 3/6

**WHAT THE MEASURE DOES:** Increases maximum fee Bureau of Labor and Industries can establish for farm labor contractor licenses and indorsements.

**ISSUES DISCUSSED:**

- Enactment in 1959 of farm labor contractor law
- Number of licenses issued
- Licensing program operating at a deficit
- Fee schedule unchanged since 1999

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** A farm labor contractor is a person who 1) is paid to recruit, solicit, supply or employ workers to perform reforestation labor for another; 2) is paid to recruit, solicit, supply or employ workers to gather specified plants from public lands for sale or market prior to processing or manufacture; 3) is paid to recruit, solicit, supply or employ workers on behalf of an employer engaged in these activities; 4) who furnishes food or lodging in connection with recruiting or employing workers in these activities; 5) bids on contract offers for those activities; or 6) enters into a subcontract for any of those activities.

A person may not act as a farm labor contractor without a valid license from the Bureau of Labor and Industries (BOLI). All licenses expire one year after issuance. BOLI has authority to set by rule a fee schedule for issuing and renewing licenses and indorsements; however, the Legislative Assembly has set a cap on the fee schedule. The current maximum fee ranges from \$100 to \$259, depending on the type of indorsement. House Bill 2113 increases the maximum by either \$50 or \$100, depending on the type of indorsement.

BOLI issues 250 to 300 licenses per year. The agency has one full-time employee to process and issue the licenses. Funding for the position is provided by the licensing fee. BOLI stated that the program has been operating at a deficit; the expected deficit for the 2013-15 biennium is \$40,000.

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2113**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***Prepared by: Matt Stayner  
Reviewed by: Susie Jordan  
Date: 3/13/13**Measure Description:**

Modifies fees for certain farm labor contractor licenses.

**Government Unit(s) Affected:**

Bureau of Labor and Industries (BOLI)

**Summary of Expenditure Impact**

	2013-15 Biennium	2015-17 Biennium
Other Funds	37,750	46,713
Federal Funds		
<b>Total Funds</b>	<b>\$37,750</b>	<b>\$46,713</b>
Positions	0	0
FTE	0.00	0.00

**Summary of Revenue Impact**

	2013-15 Biennium	2015-17 Biennium
Other Funds	58,100	58,100
<b>Total Funds</b>	<b>\$58,100</b>	<b>\$58,100</b>

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

The measure increases the fees for certain farm labor contractor licenses. The fee increase is part of a policy option package in the Bureau of Labor and Industry's (BOLI) proposed budget. The agency issues over 250 Farm and Forest Labor Contractor licenses annually. License fees to fund the licensing program were first implemented in 1999 and have not increased to date. License fees provide funding for the licensing activities only, the compliance and enforcement functions are funded through the General Fund. The licensing process includes an examination to determine an applicant has the competence, character, and reliability to conduct the business as a farm or forest labor contractor as well as to demonstrate that the contractor is familiar with the requirements of wage and hour and farm labor contractor laws. The licensee must demonstrate that they are financially able to conduct the business and must post a bond with the agency.

The measure would allow for a 41% increase in the biennial revenue generated by the fees. The program is projected to operate at a structural deficit of 27% without the fee increase; the difference being used to maintain an adequate ending fund balance for the program's cash flow and to account for inflationary cost increases.