

HB 4087 -5 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/3, 2/12

WHAT THE MEASURE DOES:

Changes distribution of moneys collected as civil penalties from employers who violated certain laws and rules related to wages, working hours, and employment conditions. After Bureau of Labor and Industries (BOLI) expenses related to collection of civil penalty are paid, half of remaining money is directed to BOLI for purpose of providing technical assistance to employers and half is directed to the Wage Security Fund. Directs BOLI Commissioner to access Wage Security Fund to pay wages owed to claimant pursuant to a judgement or final order. Directs BOLI to study provisions of state law relating to employee rights and protections and report by September 15, 2022, to Legislative Assembly. Requires report to describe how moneys collected as civil penalties were spent on providing technical assistance to employers.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-5 Changes distribution of monies collected as civil penalties: after BOLI expenses are subtracted, 75 percent of remaining money is credited to BOLI for purpose of providing technical assistance to employers and 25 percent is credited to the Wage Security Fund. Caps amount credited for these purposes to \$290,000 per year, and any amount exceeding \$290,000 is credited to the Common School Fund. Deletes requirement that BOLI study the provisions of state law relating to employee rights and protections. Maintain requirement that BOLI report on how moneys collected as civil penalties were spent on providing technical assistance to employers.

REVENUE: No revenue impact.

FISCAL: Minimal fiscal impact.

BACKGROUND:

Employers who willfully or intentionally violate certain employment laws are subject to a civil penalty of up to \$1,000. These laws include minimum wage, payroll record retention, workplace posting of employment laws, retaliation against an employee, overtime, meal and rest periods, sick leave, employing minors, and expressing milk in the workplace. After BOLI is reimbursed for the costs associated with determining the violation and collecting the penalty, the remainder of the penalty money is credited to the Common School Fund, except the remainder of the penalty money collected for violations of the milk expression law is credited to the Department of Human Services for a breastfeeding project that is now obsolete.

House Bill 4087 changes how the remainder of money collected as penalties is distributed. Instead of crediting the Common School Fund, half of the moneys will support BOLI's employer technical assistance unit and half will be credited to the Wage Security Fund.

Wage claimants can access the Wage Security Fund if the business that owes the wages has ceased business and lacks sufficient assets to pay the claim. No more than \$10,000 per claimant may be paid from the Fund. The Commissioner of BOLI may commence an action, suit, or proceeding to recover from the employer the amounts paid from the Wage Security Fund. House Bill 4087 directs the Commissioner to access the Wage Security Fund to pay the wages due to claimants who have a judgement or final order.