

SB 1506 -1, -3 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Prepared By: Whitney Perez, LPRO Analyst

Meeting Dates: 2/2, 2/4, 2/9

WHAT THE MEASURE DOES:

The measure directs the Legislative Policy and Research Director to study how state labor agencies in other states are funded and submit a report to the interim committees of the Legislative Assembly related to Labor and Business by September 15, 2027. Sunsets on January 2, 2028.

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

- Need for additional funding of BOLI
- What constitutes a bill for raising revenue
- History of the Workers' Benefit Fund

EFFECT OF AMENDMENT:

-1 Replaces the measure. The measure creates the BOLI Expenses Fund (fund) in the State Treasury and directs the Director of the Department of Consumer and Business Services (DCBS) to manage the fund on behalf of the Bureau of Labor and Industries (BOLI). The measure permits the director to set and collect an assessment from employers and employees to deposit in the fund and specifies minimum sufficient funding of the fund. Takes effect on the 91st day following adjournment sine die.

Detailed Summary:

Section 1

Makes section 2 part of ORS chapter 656, Workers' Compensation.

Section 2

Creates the BOLI Expenses Fund (fund) in the State Treasury, separate and distinct from the General Fund. Directs the Director of the Department of Consumer and Business Services (DCBS) to manage the fund on behalf of the Bureau of Labor and Industries (BOLI). Provides that the fund consists of money deposited pursuant to an assessment imposed on employers and employees by the director and appropriated to the fund by the Legislative Assembly.

Section 3

Amends section 2 by continuously appropriating all moneys in the fund to BOLI for payment of expenses incurred by the Commissioner of BOLI in carrying out the Commissioner's specified duties.

Section 4

Specifies that the amendments to section 2 by section 3 become operative on July 1, 2029.

Section 5

Defines key terms. Specifies that moneys collected by DCBS from employers and employees based on an assessment set by the director shall be deposited in the fund, in addition to the Workers' Benefit Fund. Specifies

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legislative intent regarding how DCBS sets assessment rates to ensure minimum specified moneys in the fund to support the BOLI reinvestment package positions and BOLI funding positions. Requires DCBS to set assessment rates in a manner that minimizes volatility of the rates and creates a 12-month reserve in the fund. Specifies that BOLI positions funded by the assessment may not exceed the number of positions that cumulatively cost \$5.25 million per year as of July 1, 2031. Specifies that if DCBS determines that the fund will not have the required reserves, DCBS will, in consultation with BOLI, devise and report to the Workers' Compensation Management-Labor Advisory Committee (MLAC) a place to increase the required reserve amount. Permits DCBS to increase the assessment rate if DCBS determines that a higher assessment rate is necessary to avoid unintentional program or benefit reductions. Specifies that the assessment rates for the fund and the Workers' Benefit Fund will be determined separately. Makes technical amendments.

Section 6

Specifies that section 5 becomes operative on January 1, 2027.

Section 7

Modifies the legislative intent regarding how DCBS sets assessment rates to ensure minimum specified moneys in the fund to support the BOLI reinvestment package positions and BOLI funding positions.

Section 8

Specifies that section 7 becomes operative on July 1, 2031.

Section 9

Specifies that money in the Workers' Benefit Fund may not be transferred to the fund for the purpose of meeting necessary fund reserves specified in ORS 656.506.

Section 10

Makes conforming amendment.

Section 11

Raises the maximum fee the Commissioner of BOLI may charge a public agency that awards public works contracts subject to prevailing wage laws from \$7,500 to \$12,500.

Section 12

Makes section 11 part of ORS 279C.800 to 279C.870.

Section 13

Directs the Commissioner to submit a report to the interim committees of the Legislative Assembly relating to labor that examines whether the maximum fee amount allowed under section 11 raises sufficient revenue for BOLI to meet its staffing needs. Requires the report to be submitted by September 15 of each even-numbered year.

Section 14

Takes effect on the 91st day following adjournment sine die.

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-3 Replaces the measure. The measure creates the BOLI Expenses Fund (fund) in the State Treasury and directs the Director of the Department of Consumer and Business Services (DCBS) to manage the fund on behalf of the

This Summary has not been adopted or officially endorsed by action of the committee.

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Section 3

Amends section 2 by continuously appropriating all moneys in the fund to BOLI for payment of expenses incurred by the Commissioner of BOLI in carrying out the Commissioner's specified duties.

Section 4

Specifies that the amendments to section 2 by section 3 become operative on July 1, 2029.

Section 5

Defines key terms. Redefines "employee" and "employer" for purposes of assessment rates set for deposit into the fund to include subject employers with more than ten employees and a subject employee employed by this type of employer. Specifies that moneys collected by DCBS from employers and employees based on an assessment set by the director shall be deposited in the fund, in addition to the Workers' Benefit Fund. Specifies legislative intent regarding how DCBS sets assessment rates to ensure minimum specified moneys in the fund to support the BOLI reinvestment package positions and BOLI funding positions. Requires DCBS to set assessment rates in a manner that minimizes volatility of the rates and creates a 12-month reserve in the fund. Specifies that BOLI positions funded by the assessment may not exceed the number of positions that cumulatively cost \$5.25 million per year as of July 1, 2031. Specifies that if DCBS determines that the fund will not have the required reserves, DCBS will, in consultation with BOLI, devise and report to the Workers' Compensation Management-Labor Advisory Committee (MLAC) a place to increase the required reserve amount. Permits DCBS to increase the assessment rate if DCBS determines that a higher assessment rate is necessary to avoid unintentional program or benefit reductions. Specifies that the assessment rates for the fund and the Workers' Benefit Fund will be determined separately. Makes technical amendments.

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BACKGROUND:

The Workers' Benefit Fund (WBF) is supported by assessments based on each hour of work performed by a worker subject to Oregon workers' compensation law or workers an employer chooses to cover with workers' compensation insurance. Presently, the WBF assessment is 1.8 cents per hour worked. It is an employer's responsibility to collect and pay the full WBF assessment. The programs and services supported by the WBF are specified in law. The WBF supports cost-of-living increases to the monthly payments made to permanently and totally disabled workers, and to the spouses and children of workers who died because of an occupational injury or disease, a program for employment and re-employment of workers with disabilities, and monetary incentives for Oregon employers to hire or rehire injured workers. Specified funds within the WBF may also be used for expenses of the Oregon Institute of Occupational Health Sciences of the Oregon Health Sciences University. The WBF may also be used for expenses of the Bureau of Labor and Industries for activities related to investigation of discrimination to an injured worker.

The duties of the Commissioner of the Bureau of Labor and Industries are set forth in law and include enforcement of: all laws regulating the employment of adults and minors; all laws established for the protection of the health, lives, and limbs of persons employed in workshops, factories, mills, and other places; all laws enacted for the protection of employees; laws which declare it to be a misdemeanor on the part of employers to require as a condition of employment the surrender of any rights of citizenship; and laws regulating and prescribing the qualifications of persons in apprenticeable trades and crafts, and similar laws.