

HB 4027 -1, -2 STAFF MEASURE SUMMARY

House Committee On Labor and Workforce Development

Prepared By: Erin Seiler, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/2, 2/9, 2/11

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 revenue impact, but no statement yet issued

ISSUES DISCUSSED:

- Historic funding challenges for the Bureau of Labor Industries (BOLI)
- Impact of funding challenges on ability of BOLI to enforce laws
- Interim work group
- History and purpose of Workers' Benefit Fund (WBF)
- What is a measure for raising revenue

EFFECT OF AMENDMENT:

-1 Replaces the measure.

The measure establishes the Bureau of Labor and Industries (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. 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:

Sections 3 and 4

Beginning July 1, 2029, all moneys in the fund are continuously appropriated to BOLI for payment of expenses incurred by the Commissioner of BOLI in carrying out the Commissioner's specified duties under ORS 651.050.

Sections 5 and 6

Beginning January 1, 2027, 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 (WBF). DCBS will set assessment rates to ensure minimum specified moneys in the fund to support the BOLI reinvestment package positions and BOLI funding positions. 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.

Requires DCBS, to consult with BOLI to development a plan to increase the required reserve amount, if DCBS determines that the fund will not have the required reserves. Requires DCBS report the plan to increase the reserves amount to the Workers' Compensation Management-Labor Advisory Committee (MLAC).

Specifies that the assessment rates for the fund and the WBF will be determined separately.

Defines terms

HB 4027 -1, -2 STAFF MEASURE SUMMARY

Sections 7 and 8

Beginning July 1, 2031, DCBS will set assessment rates to ensure minimum specified moneys in the fund to support the BOLI reinvestment package positions, at least the greater of \$9.5 million or 12 months of projected expenses from the fund.

Section 9

Prohibits moneys in the WBF from being transferred to the fund.

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 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.

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

Revenue impact: Revenue statement issued

-2 Replaces the measure.

The measure establishes the Bureau of Labor and Industries (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, **subject to an agreement between the director and Commissioner**. 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 2

Allows the fund to reimburse DCBS for actual administrative expenses incurred by the director for management of fund and assessment of rates.

Sections 3 and 4

Beginning July 1, 2029, all moneys in the fund are continuously appropriated to BOLI for payment of expenses incurred by the Commissioner of BOLI in carrying out the Commissioner's specified duties under ORS 651.050.

Sections 5 and 6

Beginning January 1, 2027, 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 (WBF). DCBS will set assessment rates to ensure minimum specified moneys in the fund to support the BOLI reinvestment package positions, **reimburse the actual administrative expenses incurred by DCBS**, and BOLI funding positions. 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.

Requires DCBS, to consult with BOLI to develop a plan to increase the required reserve amount, if DCBS determines that the fund will not have the required reserves. Requires DCBS report the plan to increase the reserves amount to the Workers' Compensation Management-Labor Advisory Committee (MLAC).

Specifies that the assessment rates for the fund and the WBF will be determined separately.

Defines terms

Sections 7 and 8

Beginning July 1, 2031, DCBS will sets assessment rates to ensure minimum specified moneys in the fund to support the BOLI reinvestment package positions, at least the greater of \$9.5 million or 12 months of projected expenses from the fund.

Section 9

Prohibits moneys in the WBF from being transferred to the fund for the purpose of meeting necessary fund reserves.

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 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.

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

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

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.