

HB 4027 A STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

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Meeting Dates: 2/24, 2/25

WHAT THE MEASURE DOES:

The measure establishes the Bureau of Labor and Industries (BOLI) Expenses 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 DCBS director and the BOLI commissioner. The measure permits the director to set and collect an assessment from employers and employees to deposit in the fund and specifies the fund's minimum sufficient funding. It takes effect on the 91st day following adjournment sine die.

Detailed Summary:

Section 2

Subject to an agreement between DCBS and BOLI, allows the fund to reimburse DCBS for actual administrative expenses incurred by the director for managing the fund and assessing rates.

Sections 3 and 4

Beginning July 1, 2029, allows the director to transfer moneys from the fund to BOLI for payment of expenses incurred by BOLI in carrying out the specified duties under Oregon Revised Statutes (ORS) 651.050.

Sections 5 and 6

Beginning January 1, 2027, deposits money collected by DCBS from employers and employees based on an assessment set by the director into the fund, in addition to the Workers' Benefit Fund (WBF).

Directs DCBS to set assessment rates to ensure money deposited in the fund for the purpose of reimbursing the actual administrative expenses incurred by DCBS and carrying out the specified duties under ORS 651.050 will be at least \$4.25 million, on or before June 30, 2029; be greater than \$4.25 million, or 12 months of projected fund expenses, on or before June 30, 2030; and be \$9.5 million, or 12 months of projected fund expenses, on or before June 30, 2031, and June 30 of each subsequent year.

Specifies that new positions funded by the assessment may not exceed the cumulative cost of \$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 to report the plan to increase the reserve 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.

Sections 7 and 8

Beginning July 1, 2031, DCBS will set assessment rates to ensure money deposited in the fund for the purpose of reimbursing the actual administrative expenses incurred by DCBS and carrying out the specified duties under ORS 651.050 will be at least \$9.5 million, or 12 months of projected fund expenses, on or before June 30, 2031, and June 30 of each subsequent year.

Section 9

Prohibits the transfer of money in the WBF to the fund.

Section 11

Raises the maximum fee the BOLI commissioner 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 legislature's interim committees 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.

ISSUES DISCUSSED:

The fiscal impact of the measure.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The WBF is supported by assessments based on each hour of work performed by a worker subject to Oregon workers' compensation law and workers whom 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 reemployment 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 at Oregon Health & Science University. The WBF may also be used for BOLI expenses for activities related to the investigation of discrimination against an injured worker.

BOLI's duties 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 people employed in workshops, factories, mills, and other places; all laws enacted for the protection of employees; laws that 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.