

HB 2818 -1 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 2/8, 3/3

WHAT THE MEASURE DOES:

Directs Commissioner of the Bureau of Labor and Industries to access the Wage Security Fund to pay up to \$10,000 of wages owed to a claimant when the commissioner had obtained a judgment or issued a final order. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Impact on balance of Wage Security Fund
- Length of time a wage claimant may wait for payment from employer
- Importance of BOLI's attempt to collect wages from employer to replenish the Fund

EFFECT OF AMENDMENT:

-1 Changes effective date to January 1, 2022.

Minimal fiscal impact

Minimal revenue impact

BACKGROUND:

The Oregon Legislature established the Wage Security Fund in 1985, which is administered by the Bureau of Labor and Industries (BOLI). The Fund protects Oregon workers from wage loss by paying the final wages of employees when a business closes without sufficient funds to pay final wages. Employees of a company that closes and does not have sufficient funds to pay their final wages are eligible to file a wage claim with BOLI. Workers can qualify for payments of the amount they earned during the 60 days preceding the closure date of the company or the amount of unpaid wages earned within 60 days of the last day of employment. A maximum of \$10,000 may be paid to an individual worker. Money in the Wage Security Fund comes from a diversion of 0.03 of one percent of the state's unemployment insurance taxes that occurs in one calendar quarter each biennium.

House Bill 2818 directs the Commissioner to access the Wage Security Fund to pay up to \$10,000 of the wages due to a claimant when the Commissioner has obtained a judgement or issued a final order.