

HB 2818 A -A6, -A7 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Prepared By: Tyler Larson, LPRO Analyst

Meeting Dates: 4/15, 4/29, 5/25

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 obtains a judgment or issues a final order.

House vote: Ayes, 54: Excused, 5--Evans, Leif, Rayfield, Reardon, Zika

Minimal fiscal impact; minimal revenue impact

ISSUES DISCUSSED:

- Intent to repair "gap" in wage claim process
- History and performance of the Wage Security Fund
- Proposed amendments

EFFECT OF AMENDMENT:

-A6 Clarifies that monetary or nonmonetary incentives provided by employers to employees who have been immunized against infectious diseases for which a public health emergency has been declared are not "compensation" for the purposes of Oregon's pay equity laws. Applies to complaints filed with the Bureau of Labor and Industries and claims filed in circuit court on or after April 29, 2021. Declares emergency, effective on passage.

-A7 Clarifies that a hiring bonus offered to a prospective employee or a retention bonus offered to an employee is not "compensation" for the purposes of Oregon's pay equity laws. Applies to complaints filed with the Bureau of Labor and Industries and to claims filed in circuit court on or after May 25, 2021. Sunsets March 1, 2022. Declares emergency, effective on passage.

BACKGROUND:

The Oregon Legislative Assembly established the Wage Security Fund in 1985 to protect workers when their employer closes the business and does not have resources to pay wages owed to workers. Employees of a company that closes, and the employer does not have sufficient funds to pay their final wages, are eligible to file a wage claim with the Bureau of Labor and Industries. 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-A 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 obtains a judgment or issues a final order.

Oregon's pay equity law makes it an unlawful employment practice for an employer to pay wages or other compensation to any employee at a rate greater than other employees of a protected class for work of a comparable character. Employers may not reduce compensation to comply, and are liable for unpaid wages if they violate the pay equity law. The -A6 amendments to House Bill 2818 clarify that incentives provided by employers to employees who have been immunized against infectious diseases for which a public health emergency has been declared are not compensation for the purposes of Oregon's pay equity laws. The -A7

amendments make the same clarification for hiring and retention bonuses paid until March 1, 2022.

PRELIMINARY