

SB 1580 -3, -6 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Prepared By: Whitney Perez, LPRO Analyst

Meeting Dates: 2/5, 2/7, 2/12

WHAT THE MEASURE DOES:

Creates crime of fraudulent misrepresentation.

Detailed Summary:

Creates the crime of fraudulent misrepresentation if employer knowingly misrepresents to insurer amount of employer's payroll or employee hour worked, or knowingly misclassifies for an insurer occupation or industry which employee is employed when employer acts with intent to decrease employer's premium for coverage under workers' compensation laws. Excludes employer's good faith misrepresentation to insurer of employer's payroll or employee hours worked, or good faith misclassification to insurer of occupation or industry employee is employed. Specifies crime of fraudulent misrepresentation is a felony and punishable by a fine up to \$125,000. Specifies restitution for this offense. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Application of measure to certain employer representations
- Level of applicable penalty for offense
- Workers' Benefit Fund and programs it supports

EFFECT OF AMENDMENT:

-3 Replaces the measure. Creates a civil penalty when an employer knowingly misrepresents to an insurer the amount of employer's payroll or employee hours worked, or misclassifies for an insurer the occupation or industry an employee is employed when the employer acts with the intent to decrease the employer's premium for coverage under workers' compensation laws.

REVENUE: No revenue impact

FISCAL: Indeterminate fiscal impact

Detailed Summary:

Requires the Director of the Department of Consumer and Business Services to assess a civil penalty against an employer who knowingly misrepresents to an insurer the amount of employer's payroll or employee hours worked, or misclassifies for an insurer the occupation or industry an employee is employed when the employer acts with the intent to decrease the employer's premium for coverage under workers' compensation laws. Specifies civil penalty amount for each violation. Excludes employer's erroneous representation to insurer of amount of employer's payroll or employee hours worked, or misclassification to insurer of occupation or industry employee is employed when caused by good faith or negligent mistake. Applies to conduct occurring on or after effective date. Declares emergency, effective on passage.

-6 Replaces the measure. Specifies that an employer commits Class A misdemeanor if employer knowingly submits a false payroll report to the Workers' Compensation Board, Board chairperson, Director of the Department of Consumer and Business Services, the corporation, or an insurer when the employer has the intent to decrease the employer's premium for coverage under workers' compensation laws. Applies to conduct occurring on or after effective date. Declares an emergency, effective on passage.

REVENUE: No revenue impact

FISCAL: May have revenue impact, but no statement yet issued

BACKGROUND:

In Oregon, workers' compensation laws require employers to maintain insurance coverage for their employees and beneficiaries for compensation of compensable injuries. Oregon law defines compensable injury, and it includes an accidental injury arising out of and in the course of employment requiring medical services or resulting in disability or death. Employers must either be self-insured as specified in law or be a carrier-insured employer. Carrier-insured employers are those who provide workers' compensation coverage through the State Accident Insurance Fund (SAIF) Corporation or another insurer authorized by law to transact workers' compensation insurance in Oregon. The Department of Consumer and Business Services (DCBS) maintains a Workers' Compensation Division that administers and regulates Oregon's workers' compensation laws and rules. Included within DCBS responsibilities is managing the Workers' Benefit Fund, which helps support programs for employers and injured workers. The Workers' Compensation Board is also within DCBS and is charged with resolving disputes under Oregon's workers' compensation laws.

Senate Bill 1580 creates the crime of fraudulent misrepresentation.