

SB 481 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Prepared By: Whitney Perez, LPRO Analyst

Meeting Dates: 2/4

WHAT THE MEASURE DOES:

The measure prohibits a person from providing earned income access services or otherwise acting as a service provider in Oregon unless the person obtains a license and provides exceptions to this license requirement. The licensing requirement becomes operative on January 1, 2026. The measure takes effect on the 91st day following adjournment sine die.

Detailed Summary:

Section 1:

Defines several terms for purposes of this measure, including "earned income access services" and "resident." Defines "earned income access services" as payment to a resident of a sum that is equivalent to all or a portion of unpaid compensation that an employer owes to the resident, or that the resident claims the employer owes to the resident, the amount of which a service provider determines from either information an employer provides or the resident's representations and the service provider's own reasonable estimate of the unpaid compensation the employer owes to the resident. Defines "resident" as an individual in this state.

Section 2

Prohibits a person from providing earned income access services or otherwise acting as a service provider in Oregon unless the person obtains a license. Provides exceptions to this license requirement. Provides actions the Director of the Department of Consumer and Business Services (DCBS) may take if the director believes a person is violating the licensing requirements for earned income access service providers. If the director of DCBS orders a person to stop providing earned income access services, or obtain a license to provide these services, or to affirmatively perform another act, the person may request a hearing.

Section 3

Specifies licensing application process and contents for earned income access services. Requires the director of DCBS to impose an application fee for licensing that is in an amount sufficient to meet the director's cost for administering this licensing program. Specifies findings the director of DCBS must make to issue a license. Specifies timeline for approval or denial of a license. Specifies reasons the director of DCBS may deny or revoke a license. Permits the director to suspend without notice or a hearing a license for no more than 30 days pending investigation of a licensee's actual, threatened, or suspected violation of licensing requirements. Requires that a licensee who ceases providing earned income access services in Oregon or otherwise ceases transacting business in Oregon surrender, within ten days, their license to the director of DCBS.

Section 4

Requires a licensee to designate and maintain a principal place of business from which the licensee provides earned income access services in Oregon and designate a registered agent in Oregon. Provides exception to the principal place of business requirement for licensee to operate online if the licensee designates a registered agent in Oregon and otherwise complies with regulations for earned income access service providers.

Section 5

This summary has not been adopted or officially endorsed by action of the committee.

SB 481 STAFF MEASURE SUMMARY

Requires licensees to provide specified information to the director of DCBS within specified timeframes.

Section 6

Specifies who the director of DCBS has general supervisory authority over for purposes of this licensing program. Specifies what is included within the general supervisory authority of the director of DCBS. Permits the director of DCBS to adopt rules to implement this licensing program.

Section 7

Specifies services and information a licensee or service provider must provide. Specifies actions and laws that a licensee or service provider must comply with. Specifies what a licensee or service provider may not do. Provides exceptions to these requirements.

Section 8

Provides process that occurs upon receipt of a complaint to the director of DCBS concerning a licensee or a service provider. Specifies that information and records the director of DCBS receives or possesses as a result of an investigation from a complaint are confidential unless state or federal law, or a court order permits or requires disclosure. Permits the director of DCBS to charge and collect from a licensee or service provider the costs the director incurs in conducting an investigation. Provides exceptions to this process.

Section 9

Requires a licensee to report each year specified information to the director of DCBS. Permits the director of DCBS to impose a civil penalty of \$10 for each day after the date required for the report to be provided and the licensee failed to provide the report.

Section 10

Specifies actions the director of DCBS may take if an investigation establishes that a licensee or service provider violated provisions of this licensing program, rules the director adopted, an order the director issued, or violated another applicable law. Specifies that a licensee or service provider is not personally liable for an act or omission the person makes in good faith and in compliance with an order of the director of DCBS even if the order is later amended, rescinded, or determined to be invalid by a court or other authority. Specifies civil penalty that the director of DCBS may impose for each instance a licensee or service providers violates, aids or abets another person in violating, or procures a violation of this licensing program or an order the director of DCBS issues under this program. Permits the director of DCBS to assess the costs of conducting an administrative proceeding under this program against a licensee or service provider that is the subject of the administrative proceeding, or the director may include the costs of the administrative proceeding in any civil penalty the director imposes. Permits a licensee or service provider that is subject to a civil penalty to appeal the penalty under the Administrative Procedures Act.

Section 11

Specifies that this licensing program becomes operative on January 1, 2026.

Section 12

Takes effect on the 91st day following adjournment sine die.

May have fiscal impact, but no statement yet issued

May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Department of Consumer and Business Services (DCBS) is a consumer protection and business regulatory agency. DCBS serves as a resource for consumers and businesses in several areas, including building safety, finance, and workplace health and safety. The divisions within DCBS include Building Codes, Financial Regulation, Oregon OSHA, and Workers' Compensation.

The Consumer Financial Protection Bureau (CFPB) is a U.S. agency that is responsible for enforcing federal consumer financial laws and protecting consumers in the financial marketplace. In November 2020, CFPB issued an advisory opinion that described how a specific type of "earned wage access" product did not constitute the offering or extension of "credit" under the Truth in Lending Act and Regulation Z. However, on January 15, 2025 CFPB issued an advisory opinion in the *Federal Register* rescinding this previous advisory opinion. "Earned wage access" are, generally, paycheck advance products.

Senate Bill 481 prohibits a person from providing earned income access services or otherwise acting as a service provider in Oregon unless the person obtains a license and provides exceptions to this license requirement.