



Legislative Fiscal Office
83rd Oregon Legislative Assembly
2026 Regular Session

Prepared by: Haylee Morse-Miller
Reviewed by: Michelle Deister, Emily Coates, Kim To, Ben Ruef
Date: February 9, 2026

Bill Title: Relating to the Bureau of Labor and Industries.

Government Unit(s) Affected: Department of Consumer and Business Services, Department of Revenue, Oregon Health and Science University, Bureau of Labor and Industries, Oregon Employment Department, Cities, Counties, School Districts

Summary of Fiscal Impact: Costs related to the measure are indeterminate at this time - see explanatory analysis.

Summary of Revenue Impact: The revenue impact is indeterminate at this time - see explanatory analysis.

Measure Description

The measure creates the BOLI Expenses Fund. Interest earned by the fund is credited to the fund, and moneys in the fund are invested in the same manner as other state moneys. The fund consists of moneys deposited from a workers' compensation assessment on all wages paid in Oregon and collected under ORS 656.506, and any moneys appropriated to the fund by the Legislative Assembly. The Director of the Department of Consumer and Business Services (DCBS) is required to manage the fund on behalf of the Bureau of Labor and Industries (BOLI). The BOLI Expenses Fund is continuously appropriated to BOLI for the payment of expenses related to the duties of the BOLI Commissioner under ORS 651.050.

The measure modifies the structure of the existing workers' compensation assessment, which under current law is deposited into the Workers' Benefit Fund (WBF) and used to fund specified statutory programs. The measure directs DCBS to utilize the existing assessment mechanism used to calculate the WBF assessment to also calculate the rate for the BOLI Expenses Fund. DCBS is required to establish separate assessment rates for each fund. The assessment rate for the BOLI Expenses Fund must be set to generate sufficient revenue to support costs identified as the "BOLI reinvestment package positions" and "BOLI funding positions." The measure defines BOLI reinvestment package positions by reference to positions funded by section 7, chapter 629, Oregon Laws 2025, and defines BOLI funding positions as new positions not included in that reinvestment package.

The measure requires that deposits to the BOLI Expenses Fund are at least the greater of \$4.25 million or 12 months of projected expenses from the fund to pay for the positions by June 30, 2029 and again by June 30, 2030, and at least the greater of \$9.5 million or 12 months of projected expenses from the fund for this purpose by June 30, 2031 and each subsequent year. "BOLI funding positions" funded by the assessment may not exceed the number of positions that cumulatively cost \$5.25 million per year as of July 1, 2031.

DCBS is required to set assessment rates in a manner that will minimize the rate volatility and create a 12-month reserve in the fund. If DCBS determines that the balance of the BOLI Expenses Fund will fall below the required 12-month reserve, DCBS is to consult with BOLI and report to the Workers' Compensation Management-Labor Advisory Committee on a plan to increase the reserve to the required amount. DCBS may increase the assessment rate in order to avoid unintentional program or benefit reductions in the time period immediately following the period the rate is being set. Moneys in WBF may not be transferred to the BOLI Expenses Fund.

Beginning January 1, 2027, the measure requires the assessment collected from employers and employees be deposited into WBF and the BOLI Expenses Fund. Beginning July 1, 2029, all moneys in the BOLI Expenses Fund are continuously appropriated to BOLI to pay expenses associated with carrying out the duties of the BOLI Commissioner under ORS 651.050, including enforcement of state employment laws.

The measure increases the maximum fee that BOLI may charge public agencies for public works contracts subject to Oregon's prevailing wage laws. Under ORS 279C.825, the fee is set at 0.1% of the contract price and is used to support prevailing wage education and enforcement activities. The measure raises the maximum fee from \$7,500 to \$12,500. Fee revenue is credited to the Prevailing Wage Education and Enforcement Account. BOLI is to biennially report to the interim committees of the Legislative Assembly related to labor on if this maximum fee amount raises enough revenue for the Bureau to meet its staffing needs.

Fiscal Analysis

The fiscal impact of the measure is indeterminate for the 2025-27 biennium and 2027-29 biennium.

Bureau of Labor and Industries

This measure has an indeterminate fiscal impact for BOLI.

Additional analysis is needed, but based on 2023-25 revenues generated by the prevailing wage public works contract fee, BOLI estimates that revenues from this fee would increase by approximately \$750,000 Other Funds in the 2025-27 biennium and \$1.5 million in the 2027-29 biennium with increase in the fee cap to \$12,500. BOLI will need to request additional position authority and Other Funds expenditure limitation in order to expend this revenue.

Under the measure, a minimum of \$4.3 million Other Funds would need to be cumulatively generated during the 2025-27 and 2027-29 biennia from the workers' compensation assessments collected from employers and employees under ORS 656.506 and deposited into the BOLI Expenses Fund. The total amount of revenue collected could exceed this amount. However, moneys in the BOLI Expenses Fund are not available to BOLI for any agency expenditures until the 2029-31 biennium. Actual revenues generated from assessments will not be known until the assessment rates are finalized.

The measure defines "BOLI reinvestment package positions" as positions funded by section 7, chapter 629, Oregon Laws 2025 (SB 960 (2025)). This section of law authorizes the one-time transfer of \$14.7 million from WBF to the Wage Security Fund, though it does not specifically fund any positions. The expenditure of these funds for positions was authorized by BOLI's biennial budget bill, HB 5015 (2025). Positions in the budget bill that are funded by moneys from the WBF transfer include fully funded permanent positions, positions partially funded from the transfer, and limited duration positions that do not extend beyond the current biennium unless approved by the Legislature. Additional, non-position costs were also funded by this revenue transfer. It is not clear which positions would be included in this definition, and if it is inclusive of any positions approved in future biennia that could be funded by this one-time transfer.

The measure also defines "BOLI funding positions" as any new positions not included in the BOLI reinvestment package positions, and caps the number of BOLI funding positions funded by the assessment as not more than the number of positions that cumulatively cost \$5.25 million per year as of July 1, 2031. The measure does not state what is considered a "new position" beyond that these positions should not be part of the BOLI reinvestment package positions. It is not clear if this includes positions that do not currently exist in the agency and may be approved during the 2027-29 budget development cycle, since this measure will be in effect prior to the 2027 legislative session; or if it includes positions that are approved during the 2029-31 and/or 2031-33 budget development cycles, when BOLI Expenses Fund monies are available to the agency.

Additionally, it is not clear how the number of positions with a cost totaling \$5.25 million per year will be calculated. As an example, for the 2025-27 biennium, an Administrative Law Judge 3 position would cost approximately \$355,832 for the biennium, while a Compliance Specialist 1 would cost \$189,280, assuming both are full-time positions budgeted as 1.00 FTE at a step 3 salary range. The number of positions that are funded by \$5.25 million could vary widely based on which positions are included in this calculation.

Although the assessment rates are set for the purpose of funding BOLI reinvestment package positions and BOLI funding positions, the uses of the BOLI Expenses Fund itself are not limited to these purposes. Should any of the reinvestment package positions or BOLI funding positions be eliminated from the agency or if classification or compensation of these positions were to change in the future, it is not clear if the assessment rates would change, or if the assessment rates are to be based on a point in time estimate of what current positions, in current classifications and at current compensation levels, would cost in future biennia.

Department of Consumer and Business Services

The fiscal impact for DCBS is indeterminate.

DCBS assumes that BOLI will reimburse the agency for work on rate setting and fund management under an interagency agreement, but BOLI will not have access to moneys in the BOLI Expenses Fund until the 2029-31 biennium, after the collection of the assessment begins. It is not clear what funding BOLI will use to pay for work by DCBS prior to being able to access the funds. The language in the measure does not specifically allow assessment rates to be set to include administrative costs for fund management, or permit DCBS to use any portion of the BOLI Expenses Fund moneys they are managing for these administrative costs.

DCBS will incur an estimated \$36,000 in costs for printing and mailing of notices regarding the assessment. There are additional indeterminate costs related to DCBS setting assessment rates, forecasting revenues and ending balance, fund accounting, billings from Oregon Employment Department (OED) for employment data and the Department of Revenue (DOR) for collections costs, and validating and auditing employer hours. However, once the actual workload is identified, DCBS may need to request additional resources.

Other entities

There is minimal fiscal impact for DOR and no fiscal impact for OED and Oregon Health and Science University.

Government employers, including state government agencies, local governments, and school districts will be subject to the assessment for deposit in the BOLI Expenses Fund; some agencies may also be impacted by the prevailing wage fee increase. There is an indeterminate impact related to agency payment of the assessment and increased fee amount, however, the cost per agency is anticipated to be minimal given that the assessment will be distributed across employers and public agencies statewide.

Relevant Dates

The measure takes effect on the 91st day after sine die.

By September 15 of each even-numbered year, BOLI is to report to the interim committees of the Legislative Assembly related to labor on if the maximum prevailing wage fee amount is sufficient for BOLI to meet its staffing needs.

As of January 1, 2027, the measure requires that funds collected by DCBS from the workers' compensation assessment should be deposited in the WBF and the BOLI Expenses Fund.

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 1506 - A**

Starting July 1, 2029, all moneys in the BOLI Expenses Fund are continuously appropriated to BOLI for the payment of expenses related to the duties of the BOLI Commissioner under ORS 651.050.