

Date prepared: February 3, 2026

Summer Tucker

Return to Work & Claims Administration Policy Analyst

Workers' Compensation Division

971-286-0308

SB 1506-1

Brief summary

Establishes a Bureau of Labor and Industries (BOLI) expenses fund to fund BOLI's enforcement duties. Establishes an assessment to collect moneys for the BOLI Expenses Fund (BEF) that would be collected through the existing Workers' Benefit Fund assessment process.

Analysis

What the law currently does

Workers' Benefit Fund assessment

As part of its administration of the Oregon workers' compensation system, the Department of Consumer and Business Services (DCBS) manages the Workers' Benefit Fund (WBF), which pays for a variety of programs that help injured workers and employers.

The WBF's primary revenue source is an assessment on the payroll earned by Oregon workers. Employers and workers each pay half of the assessment. The assessment is calculated on the basis of hours worked and currently set at 1.8 cents per hour worked.

Oregon law requires DCBS to maintain a cash balance of approximately 12 months of projected expenditures in the WBF. If the fund balance is projected to fall below the required balance, DCBS must develop a plan to increase the balance and report the plan to the Workers' Compensation Management-Labor Advisory Committee (MLAC).

DCBS annually reviews and may adjust the assessment rate as needed to meet fund-balance requirements. The hourly rate is determined based on cash balances and projected levels of need of the programs funded by the assessment. Moneys from the WBF may only be spent on the programs, benefits, or expenses listed in ORS 656.605.

Fees – public works contracts

BOLI is authorized under ORS 279C.825 to establish a fee to be paid by the public agency that awards a public works contract subject to ORS 279C.800 to 279C.870. The maximum fee that may be charged and collected is \$7,500.

What will change if the bill is enacted

BOLI Expenses Fund

The bill would establish a BOLI Expenses Fund (BEF) under ORS Chapter 656. Assessments would be collected to fund the BEF through the existing process used to collect WBF assessments.

BEF establishment and appropriation (Sections 2 and 3)

- The BEF would be established in State Treasury, separate from the General Fund. The fund would consist of assessments collected and moneys appropriated by the legislature. Interest earned by the BEF would be credited to the fund. Moneys in the BEF would be invested in the same manner as other state moneys and investment earnings would be credited to the BEF.
- DCBS would manage the BEF on the behalf of BOLI.
- Moneys in the BEF would be continuously appropriated for payment of expenses incurred by BOLI in carrying out its enforcement duties under ORS 651.050.

Assessment process (Sections 4, 5, 7)

- DCBS would be required to set and adjust the assessment currently paid by workers and employers. However, in addition to setting the assessment to ensure the 12 month WBF fund balance is maintained, DCBS would be required to set the assessment at a level that ensures a specified amount is deposited in the BEF, for the purposes of funding the BOLI reinvestment package positions created by SB 960 (2025) and new BOLI positions not included in SB 960.
- The amount of the assessment will be based on rates for the WBF and BEF. The assessment rates for the WBF and BEF would be determined separately.
- The BEF assessment rate would be set so at least the following amounts are deposited in the BEF:
 - On or before June 30, 2029, the greater of:
 - \$4.25 million; or
 - 12 months of projected expenses from the fund.
 - On or before June 30, 2030, the greater of:
 - \$4.25 million; or
 - 12 months of projected expenses from the fund.
 - On or before June 30, 2031, and June 30 of each subsequent year, the greater of:
 - \$9.5 million; or
 - 12 months of projected expenses from the fund.

- Starting January 1, 2027, the BEF assessment rates would be set so as to minimize the volatility of the rates and create a 12 month reserve in the BEF. Starting July 1, 2031, the rate would still be set to minimize volatility, but be set to maintain a 12 month reserve.
- The new BOLI positions funded by the assessments may not exceed the number of positions that cumulatively cost \$5.25 million per year as of July 1, 2031.

BEF report (Section 5)

- If the BEF falls below the reserve required, DCBS, in consultation with BOLI, would be required to devise and report a plan to the Management-Labor Advisory Committee (MLAC) to increase the reserve to the required amount.

WBF and BEF (Section 9)

- Moneys in the WBF could not be transferred to the BEF for the purpose of complying with the minimum amount to be deposited in the BEF, the required reserve, or the report to MLAC.

Other changes (Section 13)

- The maximum fee to be paid by a public agency that awards a public works contract subject to ORS 279C.800 to 279C.870 would increase from \$7,500 to \$12,500.
- BOLI would be required to submit a report to the legislature by September 15 of each even numbered year, that examines whether the maximum fee amount allowed under ORS 279C.825 (1)(b) raises enough revenue for the bureau to meet its staffing needs.

Effective and operative dates

The bill would take effect on the 91st day after the date on which the legislature adjourns sine die.

Operative January 1, 2027 (Sections 5 and 6)

- Provisions regarding the BEF assessment process, the amounts to be deposited in the BEF, and creating a reserve become operative.
- DCBS and the Department of Revenue could take any action before this operative date necessary to administer the BEF assessment process.

Operative July 1, 2029 (Sections 3 and 4)

- Moneys in the BEF may be continuously appropriated to BOLI.

Operative July 1, 2031 (Sections 7 and 8)

- Provisions regarding the amount to be deposited on June 30 each year, and maintaining a reserve become operative.

Likely impacts, results, or consequences if the bill is enacted

- Workers and employers will pay an additional assessment based on payroll to fund the BEF.
- Public agencies may pay a higher fee when awarding a public works contract subject to ORS 279X.800 – 279C.870.

Questions/relevant information for the bill sponsor or primary proponent

None.

Legislative history

Has this bill been introduced in a prior session?

No Yes SB 946 (2025)

Does this bill amend current state or federal law or programs?

No Yes

ORS 656.506, ORS 656.605, ORS 656.630, ORS 279C.825.

Is this bill related to a legal decision?

No Yes

Should another DCBS division review this measure?

No Yes

Central Services Division

Other impacts

Does this bill have a fiscal impact to DCBS?

No Yes Unknown

DCBS' Central Services Division will provide an analysis of the fiscal impact.

If Yes or Maybe, which section(s) of the bill trigger the fiscal impact?

Sections 1 – 10.

Does this bill have an economic impact to stakeholders?

No Yes Unknown

- Workers and employers will pay an additional assessment based on payroll to fund the BEF.
- Public agencies may pay a higher fee when awarding a public works contract subject to ROS 279X.800 – 279C.870.

Sponsors

Senator Taylor

Possible interested stakeholders

Workers and employers.

Public policy topics

- Agency operations
- Building codes
- Financial institutions and lending
- Health insurance
- Involvement with other agencies
- Licensure
- Manufactured structures
- MLAC legislative review
- New program
- Nondepository programs
- Other lines of insurance
- Prescription drugs
- Property and casualty insurance
- Public records/public meetings law
- Rulemaking
- Securities
- Task force/reports
- Worker safety
- Workers' compensation system
- Other