

STATE OF NEW YORK

7950--A

2025-2026 Regular Sessions

IN SENATE

May 14, 2025

Introduced by Sen. BAILEY -- read twice and ordered printed, and when printed to be committed to the Committee on Labor -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the workers' compensation law, in relation to establishing a fraud assessment commission and an assessment for workers' compensation fraud investigations; and to amend the state finance law, in relation to establishing the workers' compensation fraud investigation fund

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Legislative intent. The legislature hereby finds that
2 construction employers shave a significant amount off their labor costs
3 through workers' compensation premium fraud. They do that by taking
4 advantage of workers' compensation insurer practices that enable fraud.
5 Employer workers' compensation premium fraud is costing insurers \$5
6 billion a year and it's costing law-abiding employers and their employ-
7 ees jobs. The Century Foundation hired economists to study and write a
8 report on fraud in the U.S. construction industry that has detailed the
9 impacts of these practices extensively; 10 to 19 percent of construction
10 workers who should be treated as employees are not. That's 1.1 to 2.1
11 million workers, ultimately resulting in \$10 billion or more in unpaid
12 federal and state taxes.
13 The legislature finds that New York state must generate additional
14 resources to ensure that the workers' compensation fraud inspector
15 general and local prosecutors have the resources available to investi-
16 gate and prosecute employer workers' compensation fraud cases and cases
17 relating to the willful failure to secure the payment of workers'
18 compensation. This will help combat broader rampant wage theft through-
19 out the construction industry.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 § 2. The workers' compensation law is amended by adding two new
2 sections 151-a and 151-b to read as follows:

3 § 151-a. Fraud assessment commission. There is hereby established a
4 fraud assessment commission, which shall consist of ten members
5 appointed by the governor as follows: three members from a bona fide
6 labor organization, two members from self-insured employers, two members
7 from insured employers, two members from insurers, and one claimant
8 attorney. The term of office shall be four years, and a member shall
9 hold office until the appointment of a successor. The chair of the work-
10 ers' compensation board, the commissioner of labor, and the inspector
11 general shall be ex officio voting members of the commission.

12 § 151-b. Assessment for workers' compensation fraud investigations. To
13 fund the investigation and prosecution of workers' compensation fraud,
14 willful failure to secure payment of workers' compensation punishable
15 under section fifty-two of this chapter, and failure to keep true and
16 accurate records as required under section one hundred thirty-one of
17 this chapter, the chair of the workers' compensation board, in consulta-
18 tion with the workers' compensation fraud inspector general and the
19 fraud assessment commission shall establish, by the first day of Novem-
20 ber, two thousand twenty-five, and annually thereafter, an assessment
21 for workers' compensation fraud investigations which shall be borne by
22 affected employers securing compensation for their employees pursuant to
23 section fifty of this chapter. The assessment for workers' compensation
24 fraud investigations shall be in addition to assessments for annual
25 expenses established in section one hundred fifty-one of this article.
26 All assessments collected pursuant to this section shall be credited to
27 the workers' compensation fraud investigation fund under section nine-
28 ty-nine-tt of the state finance law and shall be available for the uses
29 and purposes of such fund.

30 § 3. The state finance law is amended by adding a new section 99-tt to
31 read as follows:

32 § 99-tt. Workers' compensation fraud investigation fund. 1. There is
33 hereby established in the joint custody of the chair of the workers'
34 compensation board, the commissioner of labor, and the comptroller a
35 special fund to be known as the "workers' compensation fraud investi-
36 gation fund".

37 2. Such fund shall consist of monies received from the imposition of
38 the assessment for workers' compensation fraud investigations pursuant
39 to section one hundred fifty-one-b of the workers' compensation law, and
40 all other monies appropriated, credited, or transferred thereto from any
41 other fund or source pursuant to law.

42 3. Monies in the fund, pursuant to appropriation by the legislature,
43 issuance of a certificate of availability by the director of the budget,
44 and a determination by the chair of the workers' compensation board in
45 consultation with the inspector general, with the advice and consent of
46 the fraud assessment commission as to the most effective distribution of
47 monies, may be made available for purposes of the investigation and
48 prosecution of employer workers' compensation fraud cases, cases relat-
49 ing to the willful failure to secure the payment of workers' compen-
50 sation, and cases relating to the failure to keep true and accurate
51 records.

52 4. At least fifty percent of the workers' compensation fraud investi-
53 gation fund established pursuant to this section shall be distributed to
54 district attorneys for purposes of the investigation and prosecution of
55 workers' compensation fraud cases, cases relating to the willful failure
56 to secure the payment of workers' compensation, and cases relating to

1 the failure to keep true and accurate records. If a district attorney is
2 determined by the chair of the workers' compensation board or the
3 inspector general to be unwilling or unable to investigate and prosecute
4 workers' compensation fraud claims, claims relating to the willful fail-
5 ure to secure the payment of workers' compensation, or claims relating
6 to the failure to keep true and accurate records, the commissioner of
7 labor shall discontinue distribution of funds allocated for such county
8 and may redistribute such funds according to this section.

9 5. Monies shall be payable from the fund on the audit and warrant of
10 the comptroller on vouchers approved and certified by the commissioner
11 of labor.

12 6. Monies in the workers' compensation fraud investigation fund shall
13 be kept separate and shall not be commingled with any other monies in
14 the custody of the chair of the workers' compensation board, the commis-
15 sioner of labor and/or the comptroller.

16 7. To the extent practicable, the commissioner of labor shall ensure
17 that all monies received during a fiscal year are expended prior to the
18 end of such fiscal year.

19 8. By the thirtieth day of June, two thousand twenty-five, and annual-
20 ly thereafter, the chair of the workers' compensation board, in consul-
21 tation with the workers' compensation fraud inspector general or the
22 fraud assessment commission, shall develop and release a request for
23 proposals and application process for the funds outlined in this
24 section.

25 9. The fraud assessment commission shall provide quarterly reports to
26 the speaker of the assembly, the temporary president of the senate, the
27 chair of the senate finance committee and the chair of the assembly ways
28 and means committee, on the receipts and distributions of the workers'
29 compensation investigation fund, including an itemization of such
30 receipts and disbursements, the historical and projected expenditures,
31 and the projected fund balance.

32 § 4. This act shall take effect immediately.