

STATE OF NEW YORK

8429--B

2025-2026 Regular Sessions

IN ASSEMBLY

May 15, 2025

Introduced by M. of A. BRONSON, JACOBSON -- read once and referred to the Committee on Labor -- reported and referred to the Committee on Ways and Means -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- 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'

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

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1 compensation. This will help combat broader rampant wage theft through-
2 out the construction industry.

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

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

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

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

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

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

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

54 4. At least fifty percent of the workers' compensation fraud investi-
55 gation fund established pursuant to this section shall be distributed to
56 district attorneys for purposes of the investigation and prosecution of

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

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

6. Monies in the workers' compensation fraud investigation fund shall be kept separate and shall not be commingled with any other monies in the custody of the chair of the workers' compensation board, the commissioner of labor and/or the comptroller.

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

8. By the thirtieth day of June, two thousand twenty-five, and annually thereafter, the chair of the workers' compensation board, in consultation with the workers' compensation fraud inspector general or the fraud assessment commission, shall develop and release a request for proposals and application process for the funds outlined in this section.

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

§ 4. This act shall take effect immediately.