

# REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly 2007  
Legislative Revenue Office

|                                 |
|---------------------------------|
| <b>Bill Number:</b> SB 196      |
| <b>Revenue Area:</b> employment |
| <b>Economist:</b> Mazen Malik   |
| <b>Date:</b> 01-30-2007         |

## Measure Description:

Increases penalties for unemployment insurance fraud from the disqualification of 26 weeks of benefits over 3 years to the disqualification of 52 weeks of benefits weeks over five years. Assesses a 15% penalty on the annual amount of unentitled benefits.

## Revenue Impact:

|  | FY 2008 | FY 2009 | 2007-09<br>Biennium | 2009-11<br>Biennium |
|--|---------|---------|---------------------|---------------------|
| Fraud Control Fund<br>(Other Funds)          | 475,000 | 950,000 | \$ 1,425,000        | \$ 1,900,000        |
| Fraud Control Fund Interest<br>(Other Funds) |         |         | \$ 48,300           | \$ 218,200          |
| Total Fraud Control Fund<br>(Other Funds)    |         |         | \$ 1,473,300        | \$ 2,118,200        |

## Impact Explanation:

Based on 2005 data, \$10.5 million of A and F type overpayments set up (these are the types that would be affected by fines). A-Type is essentially claimant caused and F-Type is fraud. In the proposed law change, a 15% fine of all A and F type overpayment set-ups would result in fine assessments of \$1.58 million. The 2005 recovery rate of 65%; results in a recovery of \$1 million. However, fines would be subject to waiver, as is interest, in order to settle accounts. This would be an approximant 5% reduction. Therefore, the total realized would be \$950,000 annually. This revenue is designated to the Fraud Control Fund.

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