

# House Bill 2467

Sponsored by Representative MACPHERSON

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Permits employer to make deduction from employee's wages for contribution to individual account for employee's benefit in plan maintained under section 125, 401(k), 403(b), 408, 408A or 457 of Internal Revenue Code if employee is given written notice of contribution before initial deduction is made. Requires notice to include description of benefit and right to cancel contribution by instruction to employer, including procedure for giving instruction.

## A BILL FOR AN ACT

1  
2 Relating to wage deductions for employee benefits; amending ORS 652.610.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 652.610 is amended to read:

5 652.610. (1) All persons, firms, partnerships, associations, cooperative associations, corporations,  
6 municipal corporations, the state and its political subdivisions, except the federal government and  
7 its agencies, employing, in this state, during any calendar month one or more persons, and [*with-*  
8 *holding*] **deducting** for any purpose[,] any sum of money from the wages, salary or commission  
9 earned by an employee, shall provide [*such*] **the** employee on regular paydays with a statement suf-  
10 ficiently itemized to show the amount and purpose of [*such*] **the** deductions made during the re-  
11 spective period of service [*which said*] **that the** payment covers.

12 (2) The itemized statement shall be furnished to the employee at the time payment of wages,  
13 salary or commission is made, and may be attached to or be a part of the check, draft, voucher or  
14 other instrument by which payment is made, or may be delivered separately from [*such*] **the** instru-  
15 ment.

16 (3) [*No employer may*] **An employer may not** withhold, deduct or divert any portion of an em-  
17 ployee's wages unless:

18 (a) The employer is required to do so by law;

19 (b) The deductions are authorized in writing by the employee, are for the employee's benefit, and  
20 are recorded in the employer's books;

21 (c) The employee has voluntarily signed an authorization for a deduction for any other item,  
22 provided that the ultimate recipient of the money [*withheld*] **deducted** is not the employer, and that  
23 [*such*] **the** deduction is recorded in the employer's books;

24 (d) The deduction is authorized by a collective bargaining agreement to which the employer is  
25 a party;

26 (e) The deduction is authorized under ORS 18.736; [*or*]

27 (f) The deduction is made from the payment of wages upon termination of employment and is  
28 authorized pursuant to a written agreement between the employee and employer for the repayment  
29 of a loan made to the employee by the employer, if all of the following conditions are met:

30 (A) The employee has voluntarily signed the agreement;

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (B) The loan was paid to the employee in cash or other medium permitted by ORS 652.110;

2 (C) The loan was made solely for the employee's benefit and was not used, either directly or  
3 indirectly, for any purpose required by the employer or connected with the employee's employment  
4 with the employer;

5 (D) The amount of the deduction at termination of employment does not exceed the amount  
6 permitted to be garnished under ORS 18.385; and

7 (E) The deduction is recorded in the employer's books[.]; **or**

8 **(g) The deduction is for a contribution to an individual account for the employee's benefit**  
9 **in a plan maintained under section 125, 401(k), 403(b), 408, 408A or 457 of the Internal Re-**  
10 **venue Code if the employee is given written notice of the contribution before the initial de-**  
11 **duction is made. The notice must include a description of the benefit the contribution**  
12 **provides and of the right to cancel the contribution by instruction to the employer, including**  
13 **the procedure for giving the instruction.**

14 *[(4) Nothing in this section shall be construed as prohibiting the withholding]*

15 **(4) This section does not:**

16 **(a) Prohibit the deduction** of amounts authorized in writing by the employee to be contributed  
17 by the employee to charitable organizations, including contributions made pursuant to ORS 243.666  
18 and 663.110; *[nor shall this section]*

19 **(b) Prohibit deductions** by check-off dues to labor organizations or service fees[, *where such is*]  
20 **when the deductions are** not otherwise prohibited by law; **or** *[nor shall this section]*

21 **(c) Diminish or enlarge the right of any person to assert and enforce a lawful setoff or**  
22 **counterclaim or to attach, take, reach or apply an employee's compensation on due legal process.**

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