

A-Engrossed Senate Bill 966

Ordered by the Senate May 6
Including Senate Amendments dated May 6

Sponsored by Senator ROSENBAUM, Representatives CANNON, DEMBROW, TOMEI; Senators BATES, BONAMICI, CARTER, DINGFELDER, MONROE, MORRISETTE, PROZANSKI, WALKER, Representatives BAILEY, BARKER, BOONE, GALIZIO, GELSER, GREENLICK, HARKER, HOLVEY, KAHL, KOMP, KOTEK, NOLAN, RILEY, SHIELDS, J SMITH, WITT

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.

Creates Family Leave Benefits Insurance Program to provide benefits to employees taking family leave. Establishes Family Leave Benefits Insurance Account. Requires employers to pay premiums withheld from employee earnings into account. Continuously appropriates moneys in account to Bureau of Labor and Industries and requires bureau to administer claims for benefits. Establishes qualifications for benefits. Creates unlawful employment practice. Authorizes bureau to assess civil penalties against employers for failure to comply with withholding requirements.

Establishes procedures and requirements for employers to file reports with Department of Revenue.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to family leave benefits insurance; creating new provisions; amending ORS 316.168 and
3 316.171; appropriating money; and declaring an emergency.

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

5 **SECTION 1. Sections 1 to 12 of this 2009 Act may be cited as the Family Leave Benefits**
6 **Insurance Act.**

7 **SECTION 2. (1) The Legislative Assembly finds that:**

8 (a) **Although family leave laws have assisted employees to balance the demands of the**
9 **workplace with their family responsibilities, more needs to be done to achieve the goals of**
10 **workforce stability and economic security.**

11 (b) **Many employees do not have access to family leave, and those who do may not be in**
12 **a financial position to take leave that is unpaid.**

13 (c) **Employer-paid benefits meet only a small part of this need.**

14 (d) **The establishment of paid family leave benefits will reduce the impact on state income**
15 **support programs by increasing the ability of workers to provide caregiving services for**
16 **family members while maintaining employment.**

17 (2) **Sections 1 to 12 of this 2009 Act are enacted to allow an employee:**

18 (a) **To care for an infant or newly adopted child under 18 years of age, or for a newly**
19 **placed foster child under 18 years of age, or for an adopted or foster child older than 18 years**
20 **of age if the child is incapable of self-care because of a mental or physical disability.**

21 (b) **To care for a family member with a serious health condition.**

22 **SECTION 3. As used in sections 1 to 12 of this 2009 Act:**

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 (1) "Application year" means the 12-month period beginning on the first day of the cal-
2 endar week in which an employee files an application for family leave benefits and, there-
3 after, the 12-month period beginning with the first day of the calendar week in which the
4 employee files a subsequent application for family leave benefits after the expiration of the
5 employee's last preceding application year.

6 (2) "Employer" means a covered employer as defined in ORS 659A.150.

7 (3) "Family leave" means a leave of absence described in ORS 659A.159 (1)(a) or (b).

8 (4) "Family member" has the meaning given that term in ORS 659A.150.

9 (5) "Health care provider" has the meaning given that term in ORS 659A.150.

10 (6) "Paid family leave" includes family leave with pay from the employer and family leave
11 during which the employee uses any other type of paid leave, such as paid vacation leave or
12 paid sick leave.

13 (7) "Premium" means the payments required by section 6 of this 2009 Act to be made for
14 the Family Leave Benefits Insurance Account.

15 (8) "Qualifying year" means the 180 days immediately preceding the first day of the em-
16 ployee's application year.

17 (9) "Serious health condition" has the meaning given that term in ORS 659A.150.

18 **SECTION 4.** (1) The Bureau of Labor and Industries shall establish and administer a
19 Family Leave Benefits Insurance Program.

20 (2) The bureau may adopt rules as necessary to implement sections 1 to 12 of this 2009
21 Act. In adopting rules, the bureau shall maintain consistency with the rules adopted to im-
22 plement ORS 659A.150 to 659A.186, to the extent those rules are not in conflict with sections
23 1 to 12 of this 2009 Act.

24 **SECTION 5.** (1) Family leave benefits are payable under the Family Leave Benefits In-
25 surance Program to an employee during a period in which the employee is on unpaid family
26 leave if the employee:

27 (a) Takes family leave to care for:

28 (A) An infant or newly adopted child under 18 years of age, or for a newly placed foster
29 child under 18 years of age, or for an adopted or foster child older than 18 years of age if the
30 child is incapable of self-care because of a mental or physical disability; or

31 (B) A family member with a serious health condition.

32 (b) Files a claim for benefits as required by rules adopted by the Bureau of Labor and
33 Industries.

34 (c) Establishes the employee's eligibility to take family leave under ORS 659A.156.

35 (d) Establishes that the employee has had premiums withheld throughout the employee's
36 qualifying year via payroll withholdings as provided under section 6 of this 2009 Act.

37 (e) Establishes an application year. An application year may not be established if the
38 qualifying year includes assessments withheld before establishment of a previous application
39 year.

40 (f) Documents that the employee has notified the employer as provided in ORS 659A.165.

41 (2) The bureau may require that a claim for benefits under this section be supported by
42 a certification issued by a health care provider who is providing care to the employee's family
43 member if applicable.

44 (3) An employee is not eligible for benefits under this section for any week for which the
45 employee receives paid family leave. If an employer provides paid family leave, the employee

1 may elect whether first to use the paid family leave or to receive benefits under this section.
2 An employee may not be required to use paid family leave to which the employee is entitled
3 before receiving benefits under this section.

4 (4)(a) An employee is disqualified from family leave benefits under this section if the
5 employee:

6 (A) Willfully makes a false statement or misrepresentation regarding a material fact, or
7 willfully fails to disclose a material fact, to obtain benefits;

8 (B) Seeks benefits based on an intentionally self-inflicted serious health condition; or

9 (C) Seeks benefits based on a serious health condition that resulted from the employee's
10 commission of a felony.

11 (b) A disqualification for benefits under this subsection is for a period of two years, and
12 commences on the first day of the calendar week in which the employee filed a claim for
13 benefits under this section. Any employee who is disqualified for benefits under this sub-
14 section is liable to the bureau for a penalty in an amount equal to 15 percent of the amount
15 of benefits received by the employee.

16 (5)(a) This section does not limit an employee's right to take leave from employment
17 under other laws or employer policy.

18 (b) The eligibility of an employee for benefits is not affected by a strike or lockout at the
19 factory, establishment or other premises at which the employee is or was last employed.

20 (c) An employee who has received benefits under this section may not lose any other
21 employment benefits, including seniority or pension rights, accrued before the date that
22 family leave commenced. However, this section does not entitle an employee to accrue em-
23 ployment benefits during a period of family leave or to a right, benefit or position of em-
24 ployment other than a right, benefit or position to which the employee would have been
25 entitled had the employee not taken family leave.

26 (d) This section does not diminish an employer's obligation to comply with a collective
27 bargaining agreement or an employment benefits program or plan that provides greater
28 benefits to employees than the benefits provided under this section.

29 (e) An agreement by an employee to waive the employee's rights under this section is
30 void as contrary to public policy. The benefits under this section may not be diminished by
31 a collective bargaining agreement or another employment benefits program or plan entered
32 into or renewed after the effective date of this 2009 Act.

33 (6) This section does not create a continuing entitlement or contractual right.

34 **SECTION 6.** (1) Every employer shall retain from the moneys earned by all employees a
35 premium amount of not more than two cents for each hour or part of an hour the employee
36 is employed and pay the moneys retained in the manner and at such intervals as the Com-
37 missioner of the Bureau of Labor and Industries directs.

38 (2) Moneys collected pursuant to subsection (1) of this section, and any accrued cash
39 balances, shall be deposited in the Family Leave Benefits Insurance Account for the expen-
40 ditures of the Bureau of Labor and Industries in carrying out the functions and duties of the
41 bureau under sections 1 to 12 of this 2009 Act. Factors to be considered in making the ad-
42 justment under subsection (3) of this section in rate of premiums withheld include, but are
43 not limited to, the cash balance as determined by the commissioner and estimated expen-
44 ditures and revenues of the Family Leave Benefits Insurance Account.

45 (3) It is the intent of the Legislative Assembly that the commissioner may adjust rates,

1 not to exceed the amount established in subsection (1) of this section, for the collection of
2 premiums pursuant to subsection (1) of this section. The commissioner shall set rates for
3 premiums in a manner that minimizes the volatility of the rates assessed and so that at the
4 end of the period for which the rates are effective, the cash balance shall be an amount ap-
5 proximating 12 months of projected expenditures from the Family Leave Benefits Insurance
6 Account, considering the functions and duties of the bureau under sections 1 to 12 of this
7 2009 Act.

8 (4) Every employer required to pay premiums under this section shall make and file a
9 report of employee hours worked and amounts due under this section upon a combined re-
10 port form prescribed by the Department of Revenue. The report shall be filed with the de-
11 partment:

12 (a) At the times and in the manner prescribed in ORS 316.168 and 316.171; or

13 (b) Annually as required or allowed pursuant to ORS 316.197 or 657.571.

14 (5) If the employer is a temporary employment agency that provides employees on a
15 temporary basis to its customers, the temporary employment agency is considered the em-
16 ployer for purposes of this section.

17 (6)(a) When an employer quits business or sells out, exchanges or otherwise disposes of
18 the business or stock of goods, any premium payable under this section is immediately due
19 and payable, and the employer shall, within 10 days thereafter, pay the premium due. Any
20 person who becomes a successor to the business is liable for the full amount of the premium
21 and shall withhold from the purchase price a sum sufficient to pay any premium due from
22 the employer until the employer produces a receipt from the bureau showing payment in full
23 of any premium due or a certificate that no premium is due. If the premium is not paid by
24 the employer within 10 days after the date of the sale, exchange or disposal, the successor
25 is liable for the payment of the full amount of premium. The successor's payment of the
26 premium is, to the extent of the payment, a payment upon the purchase price, and if the
27 payment is greater in amount than the purchase price, the amount of the difference is a debt
28 due the successor from the employer.

29 (b) A successor is not liable for any premium due from the person from whom the suc-
30 cessor has acquired a business or stock of goods if the successor gives written notice to the
31 bureau of the acquisition and no assessment is issued by the bureau within one year after
32 receipt of the notice against the former operator of the business.

33 (7)(a) Information contained in the files and records pertaining to an employee under this
34 section is confidential and not open to public inspection, other than to public employees in
35 the performance of their official duties. However, the employee or an authorized represen-
36 tative of an employee may review the records or receive specific information from the re-
37 cords on the presentation of the signed authorization of the employee. An employer or the
38 employer's duly authorized representative may review the records of an employee in con-
39 nection with a pending claim. At the bureau's discretion, other persons may review records
40 when those persons are rendering assistance to the bureau at any stage of the proceedings
41 on any matter pertaining to the administration of this section.

42 (b) An employer must keep at its place of business records of employment from which
43 the information needed by the bureau for purposes of this section may be obtained. The re-
44 cords shall at all times be open to the inspection of the bureau pursuant to rules adopted
45 by the bureau.

1 **SECTION 7.** (1) The Bureau of Labor and Industries shall notify the employer of an em-
2 ployee filing a claim for family leave benefits under section 5 of this 2009 Act within five
3 business days of the claim being filed.

4 (2) In an application year, family leave benefits are payable for a maximum of six weeks.

5 (3) The first payment of benefits shall be made to an employee within two weeks after
6 the claim is filed or the family leave began, whichever is later. Subsequent payments shall
7 be made twice a month thereafter.

8 (4) Family leave benefits shall be paid as follows:

9 (a) Benefits shall be \$300 per week for an employee who at the time family leave began
10 was regularly working 40 hours per week, or a prorated amount based on the weekly hours
11 regularly worked for an employee regularly working more than or less than 40 hours per
12 week.

13 (b) Only in daily amounts for family leave taken by an employee. The minimum period
14 of family leave for which benefits may be paid is one week. The bureau may not pay a claim
15 for benefits for a period of family leave of less than one week.

16 (c) If an employee dies before receiving payment of benefits, the payment shall be made
17 by the bureau to the surviving spouse or to the surviving child or children if there is no
18 surviving spouse. If there is no surviving spouse and no surviving child or children, the
19 payment shall be made and distributed consistent with the terms of the decedent's will or,
20 if the decedent dies intestate, consistent with the provisions of ORS chapter 112.

21 (5) Family leave benefits are payable under this section only to the extent that moneys
22 are available in the Family Leave Benefits Insurance Account for that purpose. Neither the
23 state nor the bureau is liable for any amount in excess of this limitation.

24 (6) The bureau shall provide a tax form to each employee who has received family leave
25 benefits for the employee's use in paying federal income tax on the benefits and shall advise
26 an employee filing a new claim for family leave benefits, at the time of filing the claim, that:

27 (a) Benefits are subject to federal income tax; and

28 (b) Requirements exist pertaining to estimated tax payments.

29 **SECTION 8.** (1) If an employee receives any family leave benefits under section 7 of this
30 2009 Act to which the employee is not entitled:

31 (a) The employee is liable to the Bureau of Labor and Industries for the amount of ben-
32 efits received; and

33 (b) The amount of benefits received may be deducted by the bureau from any future
34 benefits otherwise payable to the employee under section 7 of this 2009 Act.

35 (2) If the bureau decides that an employee has been paid benefits to which the employee
36 is not entitled because of an error, and that the employee is not subject to disqualification
37 under section 5 (4) of this 2009 Act, the amounts received in error may be recovered by the
38 bureau only by deductions from benefits otherwise payable to the employee under section 7
39 of this 2009 Act during the 52 weeks following the date on which the order establishing the
40 amount of the erroneous payment becomes final. If amounts determined to be recoverable
41 have not been paid within that time, the liability shall be canceled by the bureau and charged
42 against the Family Leave Benefits Insurance Account.

43 (3) Except as provided in subsection (4) of this section, if benefits determined to be re-
44 coverable under this section have not been paid within three years after the date that the
45 order of the bureau establishing the liability of the employee becomes final, and no payments

1 have been received on the liability for at least three months, the liability shall be canceled
2 by the bureau and charged against the Family Leave Benefits Insurance Account.

3 (4) Any amount due under this section may be collected by the bureau in a civil action
4 against the employee brought in the name of the bureau.

5 (5) Interest on any benefits recoverable under this section shall be paid and collected at
6 the same time repayment of benefits is made by the employee. Interest on an amount re-
7 coverable under this section accrues at the rate specified in ORS 82.010, beginning on the
8 first day of the month following 60 days after entry of the order establishing the amount
9 recoverable.

10 (6) Any amount collected under this section by the bureau shall be paid into the Family
11 Leave Benefits Insurance Account.

12 **SECTION 9.** (1) It is an unlawful employment practice for an employer, temporary em-
13 ployment agency, employment agency, employee organization or other person to discharge,
14 expel or otherwise discriminate against a person because the person has filed or communi-
15 cated to the employer an intent to file a claim, a complaint or an appeal or has testified or
16 is about to testify or has assisted in any proceeding under sections 1 to 12 of this 2009 Act.

17 (2) The Bureau of Labor and Industries may assess a civil penalty not to exceed \$5,000
18 against an employer that:

19 (a) Fails to withhold premiums or fails to pay when due the moneys withheld as provided
20 in section 6 of this 2009 Act; or

21 (b) Fails to comply with the provisions of sections 1 to 12 of this 2009 Act or rules
22 adopted under sections 1 to 12 of this 2009 Act relating to reports or other requirements
23 necessary to carry out the purposes of sections 1 to 12 of this 2009 Act.

24 (3) All civil penalties collected under this section shall be applied first toward re-
25 imbursement of the costs incurred in investigating violations, conducting hearings and as-
26 sessing and collecting penalties. All remaining amounts shall be paid into the Family Leave
27 Benefits Insurance Account.

28 **SECTION 10.** (1) If an employer defaults with respect to any premium payment required
29 to be made by the employer to the Family Leave Benefits Insurance Account under section
30 6 of this 2009 Act, a person described in subsection (2) of this section who, as an officer,
31 member, partner or employee, is under a duty to perform the actions required by employers
32 under sections 1 to 12 of this 2009 Act shall be personally liable for amounts due under sec-
33 tion 6 of this 2009 Act. More than one person may be jointly and severally liable under this
34 section.

35 (2) This section applies only to a person who is one or more of the following:

36 (a) An officer or employee of a corporation;

37 (b) A member or an employee of a limited liability corporation; or

38 (c) A partner in or an employee of a limited liability partnership.

39 (3) If the Commissioner of the Bureau of Labor and Industries determines that an
40 amount is due under this section, the commissioner shall issue a notice of assessment to the
41 person liable under this section mailed to the person's last-known address of record with the
42 commissioner.

43 **SECTION 11.** The Family Leave Benefits Insurance Account is established in the State
44 Treasury, separate and distinct from the General Fund. Interest earned by the account shall
45 be credited to the account. All moneys from premiums received under section 6 of this 2009

1 Act shall be credited to the account. Moneys in the account are continuously appropriated
2 to the Bureau of Labor and Industries for the purposes authorized by sections 1 to 12 of this
3 2009 Act.

4 **SECTION 12.** (1) An employer that is not subject to section 6 of this 2009 Act or a self-
5 employed person may elect to provide benefits to the employer's employees or the self-
6 employed person under section 5 of this 2009 Act for an initial coverage period of not less
7 than three years and subsequent coverage periods of not less than one year. The employer
8 or self-employed person must file a written notice of election with the Bureau of Labor and
9 Industries. The election becomes effective on the date the notice is filed.

10 (2) An employer or self-employed person that makes an election under this section may
11 withdraw the election not more than 30 days after the end of the initial three-year coverage
12 period, or at such other times as the bureau may prescribe by rule, and the withdrawal takes
13 effect no sooner than 30 days after the filing of the notice.

14 (3) The bureau may cancel an election made under this section if the employer or self-
15 employed person fails to remit required premiums or reports. The bureau may collect unpaid
16 premiums and may levy an additional premium for the remainder of the coverage period. A
17 cancellation under this subsection becomes effective 30 days after the issuance of a written
18 notice of cancellation to the employer or self-employed person or such earlier time as spec-
19 ified in the notice of cancellation.

20 **SECTION 13.** Section 12 of this 2009 Act becomes operative on July 1, 2013.

21 **SECTION 14.** Sections 1 to 12 of this 2009 Act are added to and made a part of ORS
22 chapter 659A.

23 **SECTION 15.** (1) Employers shall first withhold quarterly premiums from employees'
24 earnings for quarters worked beginning on or after January 1, 2011.

25 (2) Employees may first file claims for benefits under section 7 of this 2009 Act on or
26 after January 1, 2012, for family leave taken on or after January 1, 2012.

27 **SECTION 16.** ORS 316.168 is amended to read:

28 316.168. (1) Except as otherwise provided by law, every employer subject to the provisions of
29 ORS 316.162 to 316.221[,] or 656.506 or sections 1 to 12 of this 2009 Act [and] or ORS chapter 657,
30 or a payroll-based tax imposed by a mass transit district and administered by the Department of
31 Revenue under ORS 305.620, shall make and file a combined quarterly tax and assessment report
32 upon a form prescribed by the department.

33 (2) The report shall be filed with the Department of Revenue on or before the last day of the
34 month following the quarter to which the report relates and shall be deemed received on the date
35 of mailing, as provided in ORS 305.820.

36 (a) The report shall be accompanied by payment of any tax or assessment due and a combined
37 tax and assessment payment coupon prescribed by the department. The employer shall indicate on
38 the coupon the amount of the total payment and the portions of the payment to be paid to each of
39 the tax or assessment programs.

40 (b) The Department of Revenue shall credit the payment to the tax or assessment programs in
41 the amounts indicated by the employer on the coupon and shall promptly remit the payments to the
42 appropriate taxing or assessing body.

43 (c) If the employer fails to allocate the payment on the coupon, the department shall allocate
44 the payment to the proper tax or assessment programs on the basis of the percentage the payment
45 bears to the total amount due.

1 (d) The Department of Revenue shall distribute copies of the combined quarterly tax and as-
2 sessment report and the necessary tax or assessment payment information to each of the agencies
3 charged with the administration of a tax or assessment covered by the report.

4 (e) The Department of Revenue, the Employment Department and the Department of Consumer
5 and Business Services shall develop a system of account numbers and assign to each employer a
6 single account number representing all of the tax and assessment programs included in the combined
7 quarterly tax and assessment report.

8 **SECTION 17.** ORS 316.171 is amended to read:

9 316.171. Except as provided in [*this section and*] ORS 314.840, 316.168, 316.197, 316.202 and
10 657.571 **and sections 1 to 12 of this 2009 Act**, the statutes and regulations applicable to each
11 agency, requiring a report and imposing a tax, shall govern the audit and examination of reports
12 and returns, determination of deficiencies, assessments, claims for refund, penalties, interest, ad-
13 ministrative and judicial appeals and the procedures relating thereto.

14 **SECTION 18.** **This 2009 Act being necessary for the immediate preservation of the public**
15 **peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect**
16 **on its passage.**

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