

**SB 252**

**Relating to late filing penalties**

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The Oregon Employment Department (OED) assesses a civil penalty for late payroll filings by employers.

OED does not generally issue billing notices for amounts owed on these reports if they are less than \$10.

For employers with no payroll to report, the measure will change this penalty to a tiered system of the following: written warning, \$10, \$25, \$50 and then \$100 for subsequent violations.

For employers with payroll to report, the measure changes the minimum penalty to \$100, to be assessed after a written warning.

Revenue increases resulting from these changes are estimated at \$184,920 Other Funds for 2013-15 biennium and \$162,850 Other Funds in 2015-17 biennium.

The fiscal impact to OED is estimated at \$162,254 Other Funds and .88 limited duration FTE in the 2013-15 biennium and \$5,612 Other Funds in the 2015-17 biennium.

The amendment provides expenditure limitation for OED in the amount of \$162,254 for the biennium beginning July 1, 2013.

The Transportation and Economic Development Subcommittee recommends SB 252 be amended and reported out do pass, as amended.

**77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY**

**JOINT COMMITTEE ON WAYS AND MEANS**

**MEASURE: SB 252-C**

**Carrier – House: Rep. McKeown**

**Carrier – Senate: Sen. Hansell**

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**Action:** Do Pass the B-Engrossed Measure as Amended and be Printed C-Engrossed

**Vote:**

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

**Prepared By:** Bill McGee, Department of Administrative Services

**Reviewed By:** Krista McDowell, Legislative Fiscal Office

**Meeting Date:** June 19, 2013

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Agency

Oregon Employment Department

Biennium

2013-15

**Budget Summary\***

	2011-13 Legislatively Approved Budget <sup>(1)</sup>	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
Other Funds	\$ 0	\$ 0	\$ 162,254	\$ 162,254	100.0%

**Position Summary**

Authorized Positions	0	0	1	1
Full-time Equivalent (FTE) positions	0.00	0.00	0.88	0.88

<sup>(1)</sup> Includes adjustments through December 2012

\* Excludes Capital Construction expenditures

**Summary of Revenue Changes**

Funding for the bill will come from penalty and interest revenues received by the Employment Department Special Administrative Fund. The department estimates the additional penalties established in the bill will increase Other Fund revenues for the Special Administrative Fund by \$184,902 in the 2013-15 biennium.

**Summary of Transportation and Economic Development Subcommittee Action**

Senate Bill 252 increases the minimum penalty charged by the Oregon Employment Department to employers for continued late filing of required unemployment insurance quarterly reports. The bill also creates a tiered penalty for continued late filing of a 0 payroll quarterly report.

Oregon law requires employers to file quarterly reports listing how many people, if any, they employed and the wage paid to them. The quarterly reports are used to determine whether individuals who lose their jobs through no fault of their own have enough earnings to be eligible to receive unemployment insurance (UI) benefits and to determine the amount of benefits for qualified individuals.

The Department believes the current penalty for failure to file quarterly reports in a timely manner is an insufficient deterrent to compel compliance, particularly by small employers with few employees or those reporting they had no payroll. After the first occurrence of a late filing, the Department sends a written notice warning that a subsequent late filing could result in a penalty. The Department estimates 4,800 employers repeatedly file their reports late; however, many of those penalties are not pursued because of the cost of collection. Based on a formula, the current minimum penalty is \$85.25; Senate Bill 252 raises the minimum penalty for continued late filing to a flat minimum of \$100. The penalty for continued late filing of a zero-payroll report is increased from the current \$5 to \$10 for the first violation within three years of a written

warning. A violation after the first penalty is penalized at \$25, the second violation is \$50, and third and subsequent violations are \$100. If an employer files all required reports for three consecutive years, they will revert back to a filing status of an employer with no previous violations.

The Subcommittee approved an Other Funds expenditure limitation of \$162,254 and established one limited duration Compliance Specialist 2 position (0.88 full-time equivalents) for 18 months in the Employment Department's 2013-15 budget. The 2015-17 biennium cost is \$5,612 Other Funds.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB 252-C**

**Oregon Employment Department  
Bill McGee 503-378-2078**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
<b><u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u></b>									
<b>SCR 010-10 Unemployment Insurance</b>									
Personal Services	\$ 0		\$ 136,487	\$ 0	\$ 0	\$ 0	\$ 0	1	0.88
Services and Supplies	\$ 0		\$ 25,767	\$ 0	\$ 0	\$ 0	\$ 0		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 162,254</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1</b>	<b>0.88</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 162,254</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1</b>	<b>0.88</b>
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
% Change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		

\*Excludes Capital Construction Expenditures

**PROPOSED AMENDMENTS TO  
B-ENGROSSED SENATE BILL 252**

1 On page 1 of the printed B-engrossed bill, before “and” insert “limiting  
2 expenditures;”.

3 On page 2, after line 28, insert:

4 **“SECTION 2. Notwithstanding any other law limiting expenditures,**  
5 **the amount of \$162,254 is established for the biennium beginning July**  
6 **1, 2013, as the maximum limit for payment of expenses from fees,**  
7 **moneys or other revenues, including Miscellaneous Receipts and**  
8 **moneys appropriated to the Employment Department by sections 2 and**  
9 **3, chapter \_\_\_\_\_, Oregon Laws 2013 (Enrolled House Bill 5009), but ex-**  
10 **cluding lottery funds and federal funds other than those described in**  
11 **section 2, chapter \_\_\_\_\_, Oregon Laws 2013 (Enrolled House Bill 5009),**  
12 **collected or received by the Employment Department for the admin-**  
13 **istration of the provisions of this 2013 Act.”.**

14 In line 29, delete “2” and insert “3”.

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