

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Seventh Oregon Legislative
Assembly
2013 Regular Session
Legislative Revenue Office

Bill Number: SB 259 - 1
Revenue Area: Unemployment Insurance
Economist: Dae Baek
Date: 3/1/2013

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description: Authorizes the Director of the Oregon Employment Department (OED) to enter into an intergovernmental agreement with the federal government to seize federal tax refunds and apply those funds to certain Unemployment Insurance debts owed to OED. Authorizes the Director to pay a fee charged by the federal government for processing such seizure and pass that fee on to the debtor. Authorizes the Director to pass on to a debtor a fee the Oregon Department of Revenue charges OED for applying a state tax refund to a debt that person owes to OED. Takes effect on passage.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-17	2017-19
Unemployment Insurance Trust Fund	\$ 4.1	\$ 3.9	\$ 8.0	\$ 7.6	\$ 7.0
Employment Department Special Fraud Control Fund	\$ 0.18	\$ 0.18	\$ 0.4	\$ 0.4	\$ 0.4

Data Source: Oregon Employment Department

Impact Explanation: According to the OED, Oregon currently has over 14,000 accounts related to Unemployment Insurance (UI) debts including, among others, overpayments and delinquent taxes that could be referred to the TOP for collection, totaling approximately \$55 million. There are 20 states already using the TOP to recover UI debts. In 2012, these states have recovered an average of 11.3% of the UI debts they referred to the program. While \$55 million of debts will be referred to the TOP in the first year of participation, collectible amount in subsequent years will decline as debts are collected. In Oregon, 68 percent of the debts to be collected are on state UI debts that will flow back to the state UI Trust Fund and the rest are on federal UI debts to be returned to the Federal Trust Fund. Reimbursing employers will receive a portion of the collected UI debts as refund for overpayment. The revenue impact takes into consideration increasing interest earnings on collected debts and reduction in refunds to reimbursing employers.

The bill also authorizes the Director to pass on to a debtor a fee the Oregon Department of Revenue charges OED for applying a state tax refund to offset a debt that person owes to OED. Such collected fee will be deposited to the Employment Department Special Fraud Control Fund.

Creates, Extends, or Expands Tax Expenditure: Yes No