

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

Bill Number: SB 191
Revenue Area: Unemployment Insurance
Economist: Dae Baek
Date: February 6, 2013

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

Measure Description: Authorizes the Director of the Oregon Employment Department (OED) to impose a penalty of up to 30 percent on overpayment of Unemployment Insurance benefits made due to a false statement, misrepresentation or nondisclosure of material facts. Directs payment of the existing 15 percent penalty to the Unemployment Insurance Trust Fund and any amount of the penalty exceeding that level to the Employment Department Special Fraud Control Fund. Applies to overpayment decisions of the Director issued on or after October 1, 2013. Increases from 52 weeks to five years the period during which the Director may recover benefits paid in error. Takes effect on passage.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-2017	2017-2019
Unemployment Insurance Trust Fund	\$ 0.5	\$ 0.6	\$ 1.1	\$ 1.4	\$ 1.4
Employment Department Special Fraud Control Fund	-\$ 0.2	-\$ 0.2	-\$ 0.4	-\$ 0.5	-\$ 0.5

Data Source: Oregon Employment Department

Impact Explanation: The bill directs the existing 15% penalty for individuals whose fraudulent acts result in an overpayment of unemployment insurance (UI) benefits to be deposited into the UI Trust Fund. Under the current law, the penalty is being deposited to the Employment Department Special Fraud Control Fund. This change is needed to conform state law to federal law. According to the OED, not conforming to federal law would result in financial sanctions against the OED administrative grants (up \$109 million per biennium) and additional federal unemployment taxes to Oregon Employers (up to \$1.1 billion per biennium).

The bill permits imposition of up to another 15% penalty for fraudulent acts that would go into the Employment Department Special Fraud Control Fund. It also increases the period within which the Department may recover benefits paid in error from 52 weeks to five years.

Creates, Extends, or Expands Tax Expenditure: Yes No