

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 252 - C**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***Prepared by: Krista McDowell  
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Date: 6/17/2013**Measure Description:**

Increases minimum penalty for late filings of payroll and tax reports by employers to \$100 .

**Government Unit(s) Affected:**

Employment Department

**Summary of Expenditure Impact:**

	<b>2013-15 Biennium</b>	<b>2015-17 Biennium</b>
Other Funds	\$162,254	\$5,612
Federal Funds		
NL Other Funds		
NL Federal Funds		
<b>Total Funds</b>	<b>\$162,254</b>	<b>\$5,612</b>
Positions	1	0
FTE	0.88	0

**Summary of Revenue Impact:**

	<b>2013-15 Biennium</b>	<b>2015-17 Biennium</b>
Other Funds	\$184,920	\$162,850
Federal Funds		
NL Other Funds		
NL Federal Funds		
<b>Total Funds</b>	<b>\$184,920</b>	<b>\$162,850</b>

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

The bill increases the minimum penalty for late filing of payroll and tax reports by employers who report taxable payroll and creates a tiered penalty system for those reporting no taxable payroll.

The current Oregon Employment Department (OED) minimum civil penalty assessed is for late filings by employers with no payroll to report. OED does not generally issue billing notices for amounts owed on these reports if they are less than \$10. The measure will increase this penalty to a tiered system of the following: written warning, \$10, \$25, \$50 and then \$100 for subsequent violations. 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.

Taken together, revenue increases for the various tiers in this penalty system are estimated at \$184,920 for 2013-15 and – because of increased compliance due to the imposition of higher penalties -- \$162,850 in 2015-17. The total number of penalties assessed across all tiers is estimated at 10,200 in 2013-15 and to drop by nearly 40% in 2015-17.

Initial implementation of the bill is estimated to require approximately 300 hours of temporary work for information systems programming and updating department materials at a cost of \$12,400. The agency anticipates a need for one limited duration .88 FTE, Compliance Specialist 2 position for 21 months at a cost of \$144,280. This position would address public questions and concerns regarding the change in penalty policy, as well as help process the additional penalty workload.

Enforcing these additional penalties will also result in a larger number of administrative hearings for assessments that are challenged. The Office of Administrative Hearings (OAH) anticipates approximately five more administrative hearing requests per year. The OED will be billed for these services by OAH at an estimated cost of \$5,612 per biennium.

Calculations are based on an assumed effective date of October 1, 2013.