

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

Bill Number: SB 252 – C
Revenue Area: Other Funds
Economist: Dae Baek
Date: 6/19/2013

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

Measure Description: Increases to \$100, the minimum penalty for late filings of payroll and tax reports, and up to \$100, the penalty for continued late filings of zero payroll reports. Takes effect on the 91st day after adjournment sine die.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-2017	2017-2019
Other Funds (Employment Department Special Administration Fund)	\$ 0.10	\$ 0.08	\$ 0.18	\$ 0.16	\$ 0.14

Data Source: Oregon Employment Department

Impact Explanation: Oregon employers are required to file quarterly payroll and tax reports with the Oregon Employment Department (OED). ORS 657.663 specifies that employers who do not file timely reports get a written warning. If they are late again within three years of the written warning, OED may assess a penalty. If the report shows that the employer had no payroll for the calendar quarter, the penalty is currently \$5. If the employer did have payroll, the penalty amount is set by a statutory formula. For 2013, the minimum penalty for such employer is \$85 but the actual penalty is determined based on the number of employees and their payroll. In 2012, approximately 5,000 employers were assessed either the \$5 penalty, or the minimum penalty (\$85) for employers that were repeatedly late with their filings and did have payroll information to report.

This bill increases the minimum penalty assessed for repeated late filings of these reports up to \$100. Increasing the late filing penalty will result in higher total penalties assessed in the near term. However, higher minimum penalties are expected to bring about improved compliance with reporting requirements over time, leading to fewer assessments and less penalties.

Creates, Extends, or Expands Tax Expenditure: Yes No