

**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:** 15 – 10 – 1

House

**Yeas:** Barker, Buckley, Frederick, Jenson, Komp, Nathanson, Read, Tomei, Williamson

**Nays:** Freeman, Hanna, Huffman, McLane, Smith, Richardson

**Exc:**

Senate

**Yeas:** Bates, Devlin, Edwards, Monroe, Steiner Hayward, Winters

**Nays:** Girod, Hansell, Thomsen, Whitsett

**Exc:** Johnson

**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<br>Approved Budget <sup>(1)</sup> | 2013-15 Current Service<br>Level | 2013-15 Committee<br>Recommendation | Committee Change from 2011-13<br>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 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        |
| <u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>          |              |               |                   |             |               |             |                 |          |             |
| <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> |
| <br>  |              |               |                   |             |               |             |                 |          |             |
| % 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