

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 243**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed Versions are Considered Official***Prepared by: Krista McDowell
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Date: 2/4/2015**Measure Description:**

Provides that individual paid unemployment insurance benefits to which individual is not entitled, in certain circumstances, is liable to have amount deducted from future benefits otherwise payable under law of another state.

Government Unit(s) Affected:

Employment Department

Summary of Expenditure Impact (Employment Department):

The proposed legislation has been determined to have a minimal expenditure impact on state or local governments. While this individual measure has a “Minimal” fiscal impact, an agency may incur a net fiscal impact greater than minimal depending on the cumulative impact of all measures enacted into law that affect the agency.

Summary of Revenue Impact (Unemployment Insurance Trust Fund):

	2015-17 Biennium	2017-19 Biennium
Non-Limited Other Funds	221,298	259,231
Total Funds	\$221,298	\$259,231

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:

SB 243 Introduced, is anticipated in the Governor’s Budget for the Oregon Employment Department (OED) in Policy Option Package (POP) 114. This bill amends ORS 657.315 and 657.320 as related to OED’s overpayment recovery practices. The bill authorizes OED to request to offset unemployment insurance (UI) benefits otherwise payable to an individual when an overpayment of UI benefits remains outstanding; this includes situations where the claimant is not at fault for causing the overpayment. The bill also increases the period of time that OED can request payment of UI benefit overpayments, from three years to five years, in situations where the overpayment is caused by the claimant.

Implementation of the bill will require one-time information technology (IT) programming updates and ongoing processing of additional requests for collection. These costs are assumed to be absorbable within the existing parameters of the OED budget. The offset for non-claimant fault overpayments is estimated to increase the UI Trust Fund by \$110,033 in the 2015-17 biennium and \$114,837 in 2017-19 biennium. Extending the UI benefit overpayments allowable collection time period is estimated to increase the UI Trust Fund by \$111,265 in the 2015-17 biennium and \$144,394 in 2017-19 biennium.

The Legislative Fiscal Office notes that failure to amend ORS 657.315 and 657.320 may result in non-conformity with federal law which could subject the state to financial sanctions, as well as require Oregon employers to pay additional federal unemployment taxes.

The Legislative Fiscal Office believes this measure warrants a subsequent referral to the Joint Committee on Ways and Means Committee for consideration of this measure's budgetary impact on the Oregon Employment Department's non-limited other funds.