Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session **MEASURE: SB 242**
STAFF MEASURE SUMMARY **CARRIER: Rep. Gomberg**
Joint Committee On Ways and Means

Fiscal: Fiscal impact issued
Revenue: Revenue impact issued

Action Date: 05/29/15
Action: Do Pass.
Meeting Dates: 05/29
Vote:
House
Yeas**:** 11 **-** Buckley, Gomberg, Huffman, Komp, McLane, Nathanson, Rayfield, Smith, Whisnant, Whitsett, Williamson
Exc**:** 1 **-** Read
Senate
Yeas**:** 11 **-** Burdick, Devlin, Girod, Johnson, Monroe, Roblan, Shields, Steiner Hayward, Thomsen, Whitsett, Winters
Exc**:** 1 **-** Hansell
Prepared By: Michelle Deister, Budget Analyst

WHAT THE MEASURE DOES:
Funding for SB 242 is anticipated in the Governor's Budget for the Oregon Employment Department (OED) in Policy Option Package (POP) 111. The bill authorizes OED to intercept tax refunds of individuals who have overpaid unemployment insurance (UI) benefits due to the misreporting of earnings, and of those who fail to pay UI taxes. The bill would also adjust Oregon's short time compensation/work share program so that an individual cannot be denied work share benefits solely because of a change in the reduction of hours from what was previously specified in the employer's work share agreement.

ISSUES DISCUSSED:

- Notice and appeal rights regarding recovery efforts
- The need for an emergency clause
- Source of funding for the positions associated with this measure in the Employment Department's budget (Policy Option Package 111, SB 5008)

EFFECT OF COMMITTEE AMENDMENT:
No amendment.

BACKGROUND:
The federal Bipartisan Budget Act of 2013 requires state unemployment insurance (UI) programs to implement the Treasury Offset Program (TOP) to recover all eligible UI debt. The TOP allows state agencies to intercept individuals' federal income tax refunds in order to recoup fraudulent or overpaid UI benefits. Currently, under Oregon law, the Oregon Employment Department (OED) may only intercept federal tax refunds to recoup fraudulent UI payments. In alignment with federal law, Senate Bill 242 allows OED to enter into an intergovernmental agreement with the federal government to intercept tax payments for individuals who were overpaid UI benefits due to the misreporting of earnings or who failed to pay outstanding UI debts.

The Oregon work share program provides an alternative for employers faced with the prospect of laying off employees. In accordance with an approved work plan, employers can reduce the hours for a group of employees, and the employees receive UI benefits to supplement their wages. Currently, by Oregon statute, employees who experience a reduction in hours are not eligible for work share benefits if they work more hours than specified in the work share agreement. Additionally, employers who use the program extensively could be required to directly reimburse OED for benefits paid to employees. The U.S. Department of Labor recently notified OED that in order to comply with federal regulation, employees must not lose work share eligibility for exceeding the number of hours specified in the work share agreement and work share benefits must impact employers the same as regular UI benefits. Senate Bill 242 brings the Oregon work share program into conformity with federal regulation.