HB 3336 STAFF MEASURE SUMMARY

House Committee On Early Childhood and Family Supports

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Sub-Referral To: House Committee On Revenue
Meeting Dates: 4/4

WHAT THE MEASURE DOES:

Allows employee to create family medical leave savings account at financial institution to pay or reimburse for wages lost due to family medical leave. Permits account holder to designate qualified beneficiary. Allows for joint accounts, multiple accounts and contribution by employer or someone other than account holder. Puts cap on total annual contributions. Specifies submission of information with tax return to Department of Revenue. Allows subtraction from federal taxable income for amounts contributed during each tax year. Exempts interest and income earned on account from taxation. Creates provisions for withdrawing funds for other than paid family medical leave. Creates credit against taxes for contributing to family medical leave savings account. Applies to tax years on or after January 1, 2018 and before January 1, 2024. Creates effective date of 91 days after sine die.

FISCAL: *May have fiscal impact, but no statement yet issued*

REVENUE: *May have revenue impact, but no statement yet issued*

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Certain employers in Oregon are required to provide unpaid family leave to their employees under the Oregon Family Leave Act (OFLA), the Oregon Family and Military Family Leave Act, and the federal Family and Medical Leave Act (FMLA). OFLA applies to employers with 25 or more employees in the current or prior year. Eligible employees may take OFLA leave for parental leave, a serious health condition, pregnancy disability leave, sick child leave or the death of a family member. Under OFLA, employees may take up to 12 weeks of leave per year. There is additional leave time available for pregnancy disability leave, parental leave, and sick child leave. An employee is eligible for benefits if they have worked at least 180 days with an average of 25 hours per week before leave commences. Under the FMLA, a business with 50 or more employees is required to give an employee up to 12 weeks of unpaid leave for certain family and medical reasons. Any leave taken under FMLA counts as OFLA leave, provided the employee is eligible for OFLA.

House Bill 3336 creates family medical leave savings accounts for employees who qualify and take OFLA or FMLA. This would allow an individual or a couple to create accounts, which can be used to cover wages lost. The funds deposited into the account, as well as the interest and income earned, would not be subject to federal taxes. The legislation would also create a tax credit for a person other than the account holder that contributes to the account (e.g., an employer).