

SB 1571 A STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Action Date: 02/06/20

Action: Do pass with amendments. Refer to Ways and Means by prior reference. (Printed A-Eng).

Vote: 5-0-0-0

Yeas: 5 - Hansell, Hass, Knopp, Monnes Anderson, Taylor

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 2/4, 2/6

WHAT THE MEASURE DOES:

Provides state-funded extended unemployment insurance benefits to individuals unemployed due to bankruptcy filed in calendar year 2019 by agricultural cooperative doing business in Oregon. Establishes that individual is eligible to receive weekly extended bankruptcy benefits equal to unemployment benefits if the individual: 1) has exhausted all regular unemployment insurance benefits; 2) is not eligible for other benefits, including benefits provided under any federal law extending regular unemployment insurance benefits; and, 3) at the time of filing an initial or individual claim was unemployed due to bankruptcy of agricultural cooperative doing business in Oregon that filed voluntary petition for relief under the U.S. Bankruptcy Code in calendar year 2019. Establishes maximum extended bankruptcy benefits amount individual may receive is 26 times the weekly benefit amount of the individual's most recent unemployment insurance claim. Allows individual entitled to receive extended bankruptcy benefits to receive benefits until individual is no longer deemed unemployed under same provision used for regular unemployment benefits. Allows Director of Employment Department (director) to adopt rules as necessary to administer benefits. Requires employer be charged for extended bankruptcy benefits in same manner as regular benefits. Allows individual entitled to receive extended bankruptcy benefits to receive benefits for weeks that begin before effective date of measure. Establishes that retroactively payable benefits must be claimed by eligible individual within 60 days following effective date of measure. Voids measure if U.S. Secretary of Labor serves notice that measure fails to meet requirements of the Social Security Act or Federal Unemployment Tax Act and requires director to notify Legislative Counsel as soon as practicable after receiving notice. Establishes State Extended Bankruptcy Benefits Fund (Benefits Fund) in State Treasury and dedicates funds appropriated by Legislative Assembly to paying extended bankruptcy benefits and actual costs incurred in administering extended bankruptcy benefits. Establishes that benefits are payable only to extent moneys are available in Benefits Fund. Authorizes director to determine if individual has been paid extended bankruptcy benefits to which individual is not entitled and makes individual liable for repayment under same terms as regular unemployment insurance benefits. Dedicates recovered funds due to overpayment to Benefits Fund. Appropriates undetermined sum from General Fund for purposes of paying extended bankruptcy benefits. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- History of NORPAC and 2019 bankruptcy
- Impact of NORPAC layoffs on mid-valley communities
- Long-term economic effects of NORPAC layoffs
- Method used to calculate fiscal impact

EFFECT OF AMENDMENT:

Allows individual entitled to extended bankruptcy benefits to receive benefits until the individual is no longer deemed unemployed under same provision used for regular unemployment benefits. Authorizes director to

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determine if individual has been paid extended bankruptcy benefits to which individual is not entitled and makes individual liable for repayment under same terms as regular unemployment insurance benefits.

BACKGROUND:

NORPAC foods is a farmer-owner agricultural cooperative that represents over 200 growers in the Willamette Valley. The cooperative filed for Chapter 11 bankruptcy protection in August of 2019. From September through December of 2019, the cooperative notified the state of the layoff of over 1,400 workers from its Brooks, Salem, and Stayton facilities and Salem corporate office. A hearing on the proposed sale of the Brooks, Salem, and Stayton facilities took place in the U.S. Bankruptcy Court for the District of Oregon on January 14, 2020.

Oregon's unemployment insurance program offers workers a weekly benefit of 1.25 percent of the total wages in a worker's base period, with a weekly minimum of \$126 and a maximum of \$538. Benefits are available for up to 26 weeks.

Senate Bill 1571-A establishes state-funded extended unemployment insurance benefits for workers laid off in the wake of 2019 bankruptcy proceedings from an agricultural cooperative. Workers are eligible for extended benefits once they exhaust standard unemployment benefits, and continue for up to 26 weeks. The extended benefits are funded by an appropriation of an undetermined sum from the General Fund into a new fund established for the sole purpose of administering extended bankruptcy benefits.