



House Committee on Business and Labor

Interagency Compliance Network

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What is the Interagency Compliance Network (ICN)?

Seven state agencies

- Bureau of Labor and Industries (BOLI)
- Construction Contractors Board (CCB)
- Department of Consumer and Business Services (DCBS)
- Department of Justice (DOJ)
- Department of Revenue (DOR)
- Landscape Contractors Board (LCB)
- Oregon Employment Department (OED)

Goal of employer education and improving compliance

- Information sharing
- Collaboration on enforcement activities
- Combined outreach

Misclassification

Misclassifying employees as independent contractors has significant implications for the workers and businesses involved as well as the state.

Impact to Workers

Independent contractors are not covered by many programs

- Unemployment Insurance
- Payroll tax withholding
- Workers' Compensation
- Employment non-discrimination
- Minimum wage, overtime, etc.
- Leave laws (OFLA, etc.)
- No employer-provided retirement benefits

Impact to Employers

Misclassification creates disadvantages for employers that follow the law

- Competitors have an unfair business advantage by benefiting from artificially low labor costs
- Unemployment Insurance and Workers' Compensation costs become inflated
- Moves compliant employers out of business, while non-complaint employers gamble on lack of private and public enforcement

ICN Continued Focus

- Outreach and Assistance
- Enforcement Activities
- Internal Development
- External Factors

Outreach and Assistance

Agency	Number of Events	Collaborative Events
CCB	67	23
DCBS	6	3
DOR	112	8
OED	63	15
LCB	12	1

Enforcement Activities

- ICN Report to the Oregon Legislature, March 2021:
 - Joint Employment Department and Department of Revenue audits completed in 2019
 - 8,310 misclassified workers identified
 - \$17,144,652 in unreported payroll discovered
 - \$373,376 assessed in payroll taxes
 - 1,378 audits completed by the Employment Department in 2019
 - 2,789 misclassified workers identified
 - \$25,966,711 in unreported payroll discovered
 - \$384,658 assessed in payroll taxes
 - 1,607 Department of Revenue investigations completed in 2019
 - \$9,484,976 in unreported payroll discovered

External Factors

- COVID-19 Pandemic
 - Unprecedented business disruption
 - Curtailment of certain investigatory activities
 - Record numbers of Oregonians becoming unemployed
- Federal Pandemic Response
 - Paycheck Protection Program (PPP)
 - Pandemic Unemployment Assistance (PUA)
- Gig Economy
 - Some service providers are independent contracts (ORS 670.600), most are not
- Court Decisions
 - *SAIF Corp. v. Ward*, 307 OR App 337 (2020)

Future Focus

- Continued collaboration for education and enforcement
- Evaluate the need for additional dedicated positions
- Internal ICN development



Thank You

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