

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

Bill Number:	SB 172 - A8
Revenue Area:	Unemployment Insurance
Economist:	Dae Baek
Date:	05/18/2021

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Limits the recovery period of non-fraudulent claimant-caused unemployment insurance (UI) benefit overpayments to five years following the week in which the decision establishing the overpayments becomes final. Allows a waiver of all or part of non-fraudulent UI benefit overpayments if the recovery of the overpayments is against equity and good conscience. Applies to the benefits determined to have been overpaid before, on or after the effective date of this 2021 Act. Takes effect on passage.

Revenue Impact: Indeterminate total

Impact Explanation:

The revenue impact addresses two parts - limiting recovery period of certain UI benefit overpayments and full or partial forgiveness of overpayments under specified circumstances.

First, with the change in the overpayment recovery period, the estimated overpayments that cannot be recovered beyond 5-year window are \$89 million in the 2025-27 biennium. Together with the associated interest earnings loss of \$2.2 million, the total net inflow to the UI Trust Fund will decline by \$91.2 million in the biennium.

Second, when the waiver provisions are applied to the outstanding debts already established before the effective date, there will be a lower collection of debts, which is expected to reduce the inflow to the UI Trust Fund by \$1.7 million in the 2021-23 biennium. However, applying waiver provisions to yet-to-be determined, non-fraudulent UI benefit overpayments is not amenable to quantitative analysis because the circumstances, that is equity and good conscience, need to be handled on a case by case basis and the waiver amount itself is not stated definitively.

While the first part of the revenue impact establishes a quantifiable result, the second part does not. Consequently, the total revenue impact for this bill is indeterminate.

Creates, Extends, or Expands Tax Expenditure: Yes No