

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

Bill Number:	HB 3398
Revenue Area:	Paid Family and Medical Leave Insurance
Economist:	Dae Baek
Date:	05/26/2021

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Delays the implementation of the paid family and medical leave insurance program. Takes effect on the 91st day following the adjournment sine die.

Revenue Impact (in \$Millions):

	Biennium		
	2021-23	2023-25	2025-27
Total Contribution to Family and Medical Leave Insurance Fund	- \$1,041.1	\$0	\$0
By Employers (40%; Excludes Exempt Employers)	- \$359.2	\$0	\$0
By Employees (60%)	- \$681.9	\$0	\$0

Data Source: Oregon Employment Department, HB 2005A (2019)

Impact Explanation:

The paid family and medical leave (PFML) insurance program was established in 2019 and was set to collect first contributions on January 1, 2022. This bill delays the start of contribution collections by a year. The analysis for the bill draws on the revenue impact issued for the HB 2005A that established the PFML insurance program in 2019.

The impact analysis for the HB 2005A (2019) assumed a one percent contribution rate throughout the analysis horizon, the maximum rate allowed within the measure. However, the measure allowed the Oregon Employment Department (OED) to set contribution rates below one percent, reflecting the specified fund balance needs. The measure required the fund balance to be enough to pay at least six months of benefits. On top of the contributions to the fund as inflow, the outflow of funds in the form of benefit payments and other costs would also come into play in deciding the adequacy of the fund balance.

Under HB 3398, contributions to the fund will begin on January 1, 2023. As a result, the revenues for the second half of the fiscal year (FY) 2021-22 and the first half of the FY 2022-23 will not be collected. Those revenues were assumed to be collected in the HB 2005A (2019) when the contributions were set to start on January 1, 2022. The revenue impact addresses the revenues that will not be collected due to the delay in the start of contributions.

Creates, Extends, or Expands Tax Expenditure: Yes No

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