

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office

Measure: HB 4002 - 5

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

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Measure Description:

Prohibits employers from permitting or requiring agricultural workers to work more than the maximum allowable hours unless workers are compensated for overtime hours worked. Establishes maximum hour and overtime wage requirements for Oregon agricultural worker. Establishes a refundable credit against corporate taxes for a percentage of overtime wages paid by a crop or animal production business.

Government Unit(s) Affected:

Department of Revenue (DOR), Oregon Judicial Department (OJD), Bureau of Labor and Industries (BOLI), Oregon Department of Agriculture (ODA)

Analysis:

This fiscal impact statement is for the purpose of transmitting the measure from the House Committee on Business and Labor to the House Committee on Revenue.

House Bill 4002, as modified by the -5 amendments, establishes maximum hour and overtime wage requirements for Oregon agricultural workers and uses a refundable tax credit to offset a percentage of the additional cost of overtime pay for agricultural employers. Maximum hours are phased in over five years, which begin at 55 hours in 2023 and are reduced to 40 hours by 2027. The refundable tax credit for a portion of the additional cost of overtime is available for overtime wages paid through 2028. The measure establishes a refundable credit against corporate taxes for a percentage of overtime wages paid by a crop or animal production business. The measure directs the Department of Revenue (DOR) to adopt rules for purposes of administering the tax credit, including policies and procedures for certifying taxpayers as eligible for the credit. A taxpayer shall apply to DOR for certification by January 31 with specific information following the calendar year for which the taxpayer seeks the credit, and DOR shall issue a written certification to the taxpayer by August 1. Upon receipt of application, DOR must allow an extension for filing the taxpayer's income or corporate excise tax return. The measure provides that the amount certified for the tax credit may not exceed \$27 million for all taxpayers for any calendar year and requires credits to be reduced proportionally if the amount certified exceeds the maximum. A DOR may retain a working balance of unreceipted revenue from the tax imposed for the payment of refunds, though not to exceed \$500,000. Moneys are continuously appropriated to DOR to make authorized refunds and refunds in excess of tax liability. The measure takes effect on 91 days after adjournment *sine die*.

Further Analysis Required

The measure is anticipated to have an impact on the Department of Revenue, Oregon Judicial Department, Bureau of Labor and Industries, and the Oregon Department of Agriculture.

A more complete fiscal analysis on the measure will be prepared as the measure is considered in the House Committee on Revenue.