



# Oregon

Tina Kotek, Governor

## Employment Department

875 Union Street NE  
Salem, Oregon 97311  
503-947-1394  
[employment.oregon.gov](http://employment.oregon.gov)

March 15, 2023

The Honorable Senator Mark Meek, Chair  
The Honorable Senator Brian Boquist, Vice-Chair  
Senate Finance and Revenue Committee  
900 Court Street, NE,  
Salem, OR 97301

RE: Follow-up information on Senate Bill 205  
Dear Chair Meek & Vice-Chair Boquist,

The Oregon Employment Department (OED) would like to apologize for any confusion about Senate Bill (SB) 205, which may have occurred during the public hearing for the bill in your committee Monday, March 13. While our Paid Leave Oregon Director, Karen Madden Humelbaugh, was in the room and prepared to speak about the bill, I was unable to attend the hearing in-person. We hope that the information in this letter will serve to address the questions posed by your members.

During the second Special Session of 2020, the Oregon legislature passed SB 1703. The bill included a provision giving emergency powers to the governor to permit the Department of Revenue (DOR) to share the particulars of state tax returns and reports with OED to “verify the identity or income level of any person for purposes related to the emergency.” Sharing of that information ended on March 1, 2021, but was extended through December 31, 2022 with the passage of House Bill 3043 in the 2021 Legislative Session. This was a temporary provision designed to help OED prevent fraud, and more quickly pay benefits to legitimate claims, under the temporary federal Pandemic Unemployment Assistance program which has since expired.

One provision in SB 205 relates to DOR’s continued sharing of that same information under state tax law for the express purpose of detecting “the occurrence of identity theft or fraud”. In developing the concept, DOR and OED sought parity in law for the same purpose of sharing this information. The other provisions of SB 205 pertain to OED’s sharing of information from our Unemployment Insurance (UI) and Paid Leave Oregon programs with DOR for the same purpose of detecting identity theft or fraud under those respective areas of law.

Upon passage of the bill, OED intends to share information with, and receive information from, DOR on a case-by-case basis (or several cases at a time if related) without relying on a technological solution. Our modernized system, Frances, will allow sharing of information between the two agencies in a more automated manner in the future that may supplement the



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The Oregon Employment Department is an equal opportunity agency.

manual case-by-case exchanges. We do not envision exchanging large volumes of data in an attempt to dig for fraud or identity theft cases, but instead to have a more efficient way of exchanging information regarding suspected fraud or identity theft based on specifics such as data elements or fact patterns that are questionable or under suspicion. It will allow our agencies to alert each other about, and investigate further, cases where fraud is already suspected.

As one of the tools OED used during the COVID-19 Pandemic to fight UI fraud, the sharing of DOR's information with OED was of significant benefit to Oregon. UI fraud occurs not only when an individual person intentionally provides false or misleading information to obtain benefits, but also when criminal enterprises or large-scale national and international fraud rings attack our system.

During the Pandemic, we saw how criminals use publically available information to design new schemes to attack UI systems across the country. While Oregon has not seen losses on the scale of other states, UI fraud is an ongoing area of focus for OED. Accordingly, we are very cautious about sharing any information that could invite criminals to attack our system successfully. We do want to be as transparent as possible, so I am enclosing a copy of our 2021 Unemployment Insurance Fraud Report. Additionally, we have offered confidential fraud briefings to members of the Oregon legislature. If you or any of your members are interested in a confidential briefing, please let us know.

OED supports the passage of SB 205 to help OED and DOR detect and stop fraud. We hope the information in this letter adequately addresses any questions or concerns raised by your members. Please let us know if you need any further input from OED on SB 205.

Sincerely,

Lindsay Leahy  
Unemployment Insurance Division Director

Encl: Unemployment-Insurance-Fraud—Calendar-Year-2021

cc: David Gerstenfeld, Acting Director, Oregon Employment Department  
Karen Madden Humelbaugh, Paid Leave Oregon Director  
Marjorie Taylor, Legislative Director, Oregon Department of Revenue  
Chris Allanach, Legislative Revenue Officer