

SB 881 A -A4 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 5/10, 5/17

WHAT THE MEASURE DOES:

Permits worker leasing company to amend any quarterly reports detailing Paid Leave Oregon contribution amounts paid by worker leasing company on behalf of client employer on or after January 1, 2023. Directs Oregon Department of Revenue to issue refund to worker leasing company if amended combined quarterly report reflects that refund is due. Limits refund to worker leasing company to three years from date that worker leasing company paid Paid Leave Oregon contributions on behalf of client employer. Defines "worker leasing company" and "client employer." Specifies that worker leasing company is not responsible for Paid Leave Oregon contributions on behalf of client employer with fewer than 25 employees. Applicable to employer contribution amounts paid by worker leasing company on behalf of client employer on or after January 1, 2023. Operative July 1, 2024.

Fiscal impact: Fiscal statement issued

Revenue impact: Revenue statement issued

Senate floor vote: Ayes, 27; Nays, 2--Boquist, Robinson; Excused, 1

ISSUES DISCUSSED:

- Definition of, and services provided by, worker leasing company to client employer
- Worker leasing company and client-employer as co-employers
- Ability of FRANCES Online System to account for worker leasing company/client employer relationship when reporting for Paid Leave Oregon
- Inability for small employers who utilize worker leasing companies to access small employers tools in Paid Leave Oregon program
- Experience rating for purposes of Unemployment Insurance and Workers' Compensation
- Fiscal impact to Oregon Employment Department and Oregon Department of Revenue

EFFECT OF AMENDMENT:

-A4 Requires Oregon Employment Department (OED) to issue refund to worker leasing company, upon determination by Oregon Department of Revenue. Prohibits OED from making refund to worker leasing company after three years from when company paid employer contribution.

BACKGROUND:

The family and medical leave insurance program, known as Paid Leave Oregon, is contained in ORS chapter 657B and was enacted by the Legislative Assembly in 2019. Paid Leave Oregon allows Oregon employees to take paid time off for specified family, medical, or safety-related leave, such as family leave to care for a family member with a serious illness or family leave to care for a child following birth. Paid Leave Oregon required employees and employers with 25 or more employees to begin making contributions into the program on January 1, 2023. ORS 657B.010 defines terms for Paid Leave Oregon, including "employee" and "employer." Employees can begin applying for benefits under Paid Leave Oregon on September 3, 2023. Employers can opt to offer employees their own equivalent plan to Paid Leave Oregon, which must be approved by the Oregon Employment Department. Self-employed persons and independent contractors can also elect to participate in Paid Leave Oregon. Workers' Compensation laws, contained in ORS chapter 656, define "worker leasing company" and contain requirements

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for worker leasing companies to satisfy regarding workers' compensation laws.

Senate Bill 881 A specifies that a worker leasing company is not responsible for Paid Leave Oregon contributions on behalf of a client employer with fewer than 25 employees and allows a worker leasing company to receive a refund from the Department of Revenue for past payments, if a refund is due.

PRELIMINARY