



February 20, 2023

TO: Members of the House Committee on Business and Labor
FR: Derek Sangston, Oregon Business & Industry
RE: Opposition to HB 2556

Chair Holvey, Vice-Chair Elmer, Vice-Chair Sosa, members of the House Committee on Business and Labor. For the record, my name is Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in opposition to HB 2556. While HB 2556 does clarify Oregon law to allow employers to deduct wages to recoup past overpayments of wages, OBI opposes the bill as drafted because it imposes a vague, burdensome requirement on businesses to explain, in plain language, the amount and purpose of each deduction made on an employee's paystub. The bill also too rigidly restricts when and how employers may make deductions for past overpayment of wages.

OBI primarily opposes HB 2556 because it requires employers to explain every deduction made on a paystub without providing any guidance on how to comply. It is foreseeable that some employers would include a thorough explanation using all the information about the deductions taken on the paystub, which would stretch the length of paystubs to much longer than they are now. Others might include less information.

Unfortunately, due to its lack of guidance, each employer could face liability under HB 2556 either for including too much information for the paystub to be "in plain language" or for providing an insufficient explanation under some yet unknown standard. OBI respectfully asks this committee to amend HB 2556 to require BOLI to provide example language that employers could follow without risk of liability.

OBI additionally asks this committee to amend HB 2556 so that employers are better able to work with their employees when overpayments occur. Allowing employers up to a year, rather than six-months, to seek permission from employees to make a deduction for past overpayment of wages would allow small businesses, many of which do not have sophisticated accounting or human resources departments, needed time. OBI would also request a change allowing employers recourse if an overpayment of wages occurs and an employee does not permit the employer to deduct wages.

Thank you for your consideration.

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