

# OREGON EMPLOYMENT DEPARTMENT

## JANUARY 2026 LEGISLATIVE DAYS

**Interim Senate Labor and Business Committee**

**Tuesday, January 13, 2026**

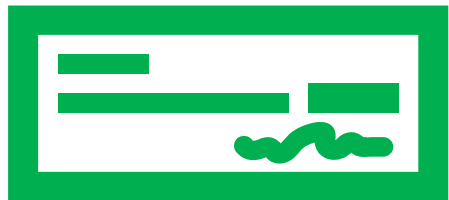
Andrew R. Stolfi, Director

Juan Serratos, Acting Paid Leave Oregon Director

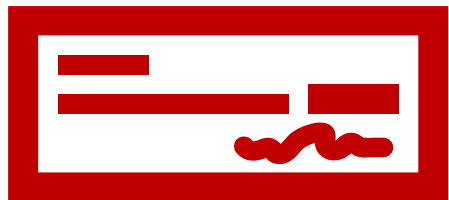
## Revenue Ruling 2025-4 changes tax requirements for paid leave programs across the country:

- The ruling requires states to consider medical leave benefits *paid by employer contributions* to be wages
- Requires us to tax medical leave benefits beyond what has been required in the past
- The state would have to decide whether additional taxes should be paid by employers or the Paid Leave Oregon trust fund
- The IRS has issued an extension until **January 1, 2027**, for ruling to be implemented.

# Path Forward



**Employee Contributions**  
60%



**Employer Contributions**  
40%



**Paid Leave Trust Fund**



**Medical Leave Benefits**  
~54%



**Family Leave Benefits ~45%**  
**Safe Leave Benefits ~1%**

Impacts	
<b>Employers</b>	<ul style="list-style-type: none"><li>• No impact or costs to employers</li></ul>
<b>Claimants</b>	<ul style="list-style-type: none"><li>• No cost to claimants</li><li>• No tax liability on medical benefits</li></ul>
<b>OED</b>	<ul style="list-style-type: none"><li>• No meaningful trust fund impact</li><li>• Minimal administrative effort</li><li>• Adjustment in statute required to clarify rulemaking authority</li></ul>

### Legislative Concept (LC) 220:

- Clarifies OED's rulemaking authority to establish **an accounting system for moneys in the Paid Leave trust fund that ensures compliance with tax reporting and withholding requirements**
- Accounting system may
  - Restrict how contributions in the trust fund are used to pay benefits for specific leave types
  - Allocate trust fund moneys to pay benefits for specific leave types
- Does not authorize OED to change the employer and employee percentage of the total contribution rate

**Thank you!**