

## **SB 397 STAFF MEASURE SUMMARY**

### **Senate Committee On Labor and Business**

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**Meeting Dates:** 1/21

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#### **WHAT THE MEASURE DOES:**

The measure exempts specified laws providing for recovery of unpaid wages and penalties when the wages and penalties are lost because of an employer's time-rounding policies that comply with federal time-rounding standards.

*FISCAL: May have fiscal impact, but no statement yet issued*

*REVENUE: May have revenue impact, but no statement yet issued*

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

No amendment.

##### **BACKGROUND:**

The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and youth employment standards. FLSA applies to many private sector employees, and employees in Federal, State, and local governments. Under FLSA, employers are allowed to have time-rounding policies for recording work time "provided that it is used in such a manner that it will not result, over a period of time, in failure to compensate the employees properly for all the time they have actually worked." 29 CFR 785.48(b). An example of time rounding is when the employees starting and stopping time is rounded to the nearest five minutes or the nearest quarter of an hour. It has been used in industries where time clocks are used.

In Oregon, time-rounding is not permitted. In 2022, the Court in *Eisele v. Home Depot* held that Oregon law does not permit time-rounding and noted that the federal rule permitting rounding appeared to be in direct conflict with Oregon wage law. 643 F.Supp. 3d 1166, 1175 (2022).

Senate Bill 397 would permit time-rounding in Oregon provided that the employer's time-rounding policies complied with federal law.