



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2025 Regular Session

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Bill Title: Relating to accounting adjustments concerning the paid leave program; prescribing an effective date.

Government Unit(s) Affected: Employment Department

Summary of Fiscal Impact

Costs related to the measure are anticipated to be minimal - see explanatory analysis.

Summary of Revenue Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
Employment Department	\$ -	\$ -	\$ (1,060,000)	\$ -	\$ (1,060,000)
Total Revenue Impact	\$ -	\$ -	\$ (1,060,000)	\$ -	\$ (1,060,000)

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
Employment Department	\$ -	\$ -	\$ (620,000)	\$ -	\$ (620,000)
Total Revenue Impact	\$ -	\$ -	\$ (620,000)	\$ -	\$ (620,000)

- The measure is projected to marginally decrease the ending balance of the Paid Leave Oregon Trust Fund in the 2025-27 and 2027-29 biennia.

Measure Description

The measure authorizes the director of the Oregon Employment Department (OED) to compromise or adjust certain debts and overpayments relating to the Paid Leave Oregon program. Under current law, OED only has authority to waive penalties and interest owed by benefit recipients, not debts owed by employers. The measure allows the director of OED to waive, reduce, or compromise any balance of \$10 or less due under a grant repayment; retain any overpayment of \$10 or less from a contribution, application fee, grant repayment, civil penalty, and monetary penalty; and waive, reduce, or compromise interest and penalties, including specified civil penalties and monetary penalties. The director may also determine that the amount of contribution, grant repayment, interest, or penalty due and unpaid by an employer on a delinquent account is uncollectable under specified circumstances. The measure also directs OED to make a record showing the reasons for waiving, reducing, compromising, or writing off amounts owed. The record must be retained for a period of seven years from the date the account was written off.

Fiscal Analysis

While the measure is anticipated to have a minimal fiscal on OED’s operating costs to administer the Paid Leave Oregon program, it is projected to marginally decrease the ending balance of the Paid Leave Oregon Trust Fund in the 2025-27 and 2027-29 biennia.

The Paid Leave Oregon Trust Fund is a fund that receives contributions from employees and employers to pay for paid leave benefits. The fund is used to pay employees a percentage of their wages while they are on leave. Both employees and employers contribute to the fund through payroll deductions. The balance of the Paid Leave Oregon Trust Fund was \$471 million as of January 16, 2025. Currently, the total contribution rate is 1% of gross wages up to \$176,100. Eligible employers started contributing to the program in January 2023. The projected revenue generated from contributions is projected to be \$1.9 billion in the 2025-27 biennium and \$2.2 billion in the 2027-29 biennium.

Under the Unemployment Insurance (UI) program, which OED also administers, OED waives penalties and interest equivalent to 0.027% of total contributions. Assuming an employer delinquency rate equivalent to that of the UI program, and the current contribution rate of 1%, the measure is projected to reduce the Paid Leave Oregon Trust Fund balance by \$1.1 million in the 2025-27 biennium and \$620,000 in the 2027-29 biennium. This results in a projected ending balance of \$680 million in the 2025-27 biennium and \$1 billion in the 2027-29 biennium.

OED's costs to implement the measure are anticipated to be minimal, requiring no reprogramming of systems that manage Paid Leave Oregon benefits. Training staff to ensure consistent application of new processes for employer balances due can be accommodated within OED's existing expenditure authority.

Relevant Dates

The measure applies retroactively to:

- Contributions due or paid on or after January 1, 2023.
- Grant repayments due or paid on or after September 3, 2023.
- Application fees paid before, on or after January 1, 2023.
- Penalties and interest assessed on or after January 1, 2023.

The measure takes effect 91 days after adjournment sine die.