

House Bill 4094

Sponsored by Representative NELSON, Senators MANNING JR, GORSEK, Representatives CHAICHI, CHOTZEN, RIEKE SMITH, WISE, Senator CAMPOS; Representatives ANDERSEN, GAMBA, ISADORE, MUNOZ, SOSA, TRAN, WALTERS, Senators FREDERICK, NERON MISSLIN, PATTERSON (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: This Act makes laws about payouts for certain unused paid time off. (Flesch Readability Score: 81.8).

Requires employers who provide paid vacation time to compensate employees for all earned or accrued but unused paid vacation time when employment terminates.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to compensation for certain unused paid time off upon termination of employment; creating new provisions; amending ORS 652.140; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) **As used in this section:**

(a) **"Paid vacation time" means an employer-provided benefit allowing employees to take time off from work without loss of pay for vacation leave.**

(b) **"Paid vacation time" does not mean an employer-provided benefit allowing employees to take time off from work without loss of pay for:**

(A) **Sick time governed by ORS 653.601 to 653.661, or any other leave that is designated for, may be used for or is taken for illness or other health-related purposes, including any portion of an employer-provided benefit designated to meet the minimum requirements of ORS 653.601 to 653.661.**

(B) **Personal business leave.**

(C) **Holidays and floating holidays.**

(2) **If an employer provides employees with paid vacation time pursuant to an employer policy or otherwise, the employer shall, upon the termination of the employment relationship, compensate the employee, at one hundred percent of the employee's regular rate of pay for all earned or accrued but unused paid vacation time, in accordance with the manner and timeframe set forth under ORS 652.140 for the payment of final wages.**

(3) **Nothing in this section prohibits an employer from adopting a written policy or entering into an employment contract that:**

(a) **Establishes the method or rate of earning or accrual of paid vacation time;**

(b) **Establishes requirements for requesting and scheduling paid vacation time; or**

(c) **Requires employees to use earned or accrued paid vacation time by a specific date or that provides for the forfeiture of unused paid vacation time not used by that date, provided that:**

(A) **The employer provides employees with written notice of such requirement at the time**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 of hire and not less than 90 days before the date on which any unused paid vacation time
2 would be forfeited under the policy;

3 (B) Employees are given a reasonable opportunity to schedule use of the paid vacation
4 time before any forfeiture occurs; and

5 (C) Nothing in the policy permits the forfeiture of paid vacation time that is earned or
6 accrued and has not been forfeited prior to the termination of employment.

7 **SECTION 2.** ORS 652.140 is amended to read:

8 652.140. (1) When an employer discharges an employee or when employment is terminated by
9 mutual agreement, all wages earned and unpaid at the time of the discharge or termination become
10 due and payable not later than the end of the first business day after the discharge or termination.

11 (2)(a) When an employee who does not have a contract for a definite period quits employment,
12 all wages earned and unpaid at the time of quitting become due and payable immediately if the
13 employee has given to the employer not less than 48 hours' notice, excluding Saturdays, Sundays
14 and holidays, of intention to quit employment.

15 (b) Except as provided in paragraph (c) of this subsection, if the employee has not given to the
16 employer the notice described in paragraph (a) of this subsection, the wages become due and payable
17 within five days, excluding Saturdays, Sundays and holidays, after the employee has quit, or at the
18 next regularly scheduled payday after the employee has quit, whichever event first occurs.

19 (c) If the employee has not given to the employer the notice described in paragraph (a) of this
20 subsection and if the employee is regularly required to submit time records to the employer to en-
21 able the employer to determine the wages due the employee, within five days after the employee has
22 quit the employer shall pay the employee the wages the employer estimates are due and payable.
23 Within five days after the employee has submitted the time records, all wages earned and unpaid
24 become due and payable.

25 (3) For the purpose of this section, if employment termination occurs on a Saturday, Sunday or
26 holiday, all wages earned and unpaid shall be paid no later than the end of the first business day
27 after the employment termination, except that if the employment is related to activities authorized
28 under ORS chapter 565, all wages earned and unpaid shall be paid no later than the end of the
29 second business day after the employment termination.

30 (4) The employer shall forward such wages by mail to any address designated by the employee
31 if the employee requests the employer so to do. An employer may deposit such wages without dis-
32 count in the employee's account in a financial institution, as defined in ORS 706.008, in this state,
33 provided the employee and the employer have agreed to such deposit.

34 (5) This section does not apply to employment for which a collective bargaining agreement oth-
35 erwise provides for the payment of wages upon termination of employment.

36 (6) When a termination of employment results from the sale of a business or business property
37 and the purchaser employs or continues the employment of an individual employed at the business,
38 this section does not apply to the payment to such an individual of wages for earned but unused
39 accrued holiday leave, sick leave, vacation leave or other leave benefits payable upon termination
40 of employment pursuant to a collective bargaining or other employment agreement or employer
41 policy, if the following conditions are met:

42 (a) On the first day of such an individual's continued employment the purchaser of the business
43 credits the individual with all such earned but unused accrued leave; and

44 (b) The leave, when used, is paid at a rate not less than the rate at which the leave was earned
45 or, if paid at a lesser rate, the number of hours credited is increased to compensate the individual

1 for any difference.

2 (7) Except as provided in subsection (6) of this section, all wages earned and unpaid, as
3 described in this section, include compensation for earned or accrued but unused paid vaca-
4 tion time, as defined in section 1 of this 2026 Act.

5 **SECTION 3.** Section 1 of this 2026 Act applies to:

6 (1) Paid vacation time, as defined in section 1 of this 2026 Act, earned or accrued on or
7 after the effective date of this 2026 Act.

8 (2) Contracts entered into, renewed or extended on or after the effective date of this 2026
9 Act.

10 **SECTION 4.** This 2026 Act takes effect on the 91st day after the date on which the 2026
11 regular session of the Eighty-third Legislative Assembly adjourns sine die.