

A-Engrossed House Bill 4143

Ordered by the House February 16
Including House Amendments dated February 16

Sponsored by Representative CHOTZEN, Senator BROADMAN, Representatives GRAYBER, ANDERSEN, CHAICHI, GAMBA, JAVADI, RIEKE SMITH, WALTERS, WISE, Senators CAMPOS, PHAM K; Representatives BOWMAN, EVANS, FRAGALA, ISADORE, KROPF, MARSH, MCDONALD, MUNOZ, NATHANSON, NELSON, NGUYEN D, PHAM H, Senators GELSER BLOUIN, JAMA, NERON MISSLIN, PROZANSKI, REYNOLDS (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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act lets the state not pay money to the U.S. if the U.S. unlawfully keeps money away from the state. (Flesch Readability Score: 76.7).

Authorizes the Governor to direct state agencies to withhold moneys owed to the federal government if federal funds are being withheld from the state in contravention of a valid court order. Requires the state to indemnify officers, employees or agents for civil claims arising from compliance with the Act.

Sunsets on January 2, 2037.

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

A BILL FOR AN ACT

1
2 Relating to payments to the federal government; and prescribing an effective date.

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

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

5 (a) **“Executive agency” means all state officers, boards, commissions, departments, in-**
6 **stitutions, branches, agencies, divisions and other entities, without regard to the designation**
7 **given to those entities, that are within the executive branch of government as described in**
8 **Article III, section 1, of the Oregon Constitution.**

9 (b) **“Federal government” means the United States or any agency or instrumentality of**
10 **the United States.**

11 (c) **“Qualified payment” means moneys that a state agency is obligated to transfer to the**
12 **federal government pursuant to contract or federal law, but excluding:**

13 (A) **Payroll taxes for officers or employees of state agencies;**

14 (B) **Amounts voluntarily withheld from unemployment insurance and paid family and**
15 **medical leave insurance benefits for federal income tax purposes; and**

16 (C) **Any revenues collected or overpaid benefits recovered pursuant to the Federal Un-**
17 **employment Tax Act or ORS chapter 657.**

18 (d) **“State agency” means every state officer, board, commission, department, institution,**
19 **branch or agency of the state government, whose costs are paid wholly or in part from funds**
20 **held in the State Treasury.**

21 (e) **“Unlawfully withheld federal moneys” means moneys that are subject to a valid order**
22 **of a court of competent jurisdiction requiring the transfer of the moneys from the federal**

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 government to a state agency and that have not been so transferred.

2 (2) The Governor, with the consent of the Attorney General and the State Treasurer,
3 may direct an executive agency to withhold qualified payments from the federal government
4 if unlawfully withheld federal moneys are owed to the state.

5 (3) An executive agency that is directed to withhold qualified payments under this section
6 shall transfer the qualified payments to the Federal Moneys Holding Account established
7 under section 2 of this 2026 Act.

8 (4) When the Governor determines that the amount of moneys in the Federal Moneys
9 Holding Account exceeds the aggregate amount of unlawfully withheld federal moneys, the
10 Governor shall:

11 (a) Direct one or more executive agencies to pay qualified payments to the federal gov-
12 ernment to the extent of the excess; and

13 (b) Direct the Oregon Department of Administrative Services to transfer moneys to the
14 executive agencies from the Federal Moneys Holding Account in amounts sufficient to make
15 the qualified payments.

16 (5) The State of Oregon shall defend, save harmless and indemnify any of its officers,
17 employees and agents, whether elective or appointive, against any civil claim arising out of
18 an act or omission taken in compliance with the provisions of this section.

19 **SECTION 2.** The Federal Moneys Holding Account is established in the State Treasury,
20 separate and distinct from the General Fund. Interest earned by the Federal Moneys Holding
21 Account must be credited to the account. The Federal Moneys Holding Account consists of
22 moneys deposited in the account under section 1 of this 2026 Act and interest earned on
23 moneys in the account. The moneys in the account are continuously appropriated to the
24 Oregon Department of Administrative Services. The department shall transfer moneys from
25 the account as directed by the Governor under section 1 of this 2026 Act.

26 **SECTION 3.** (1) Sections 1 and 2 of this 2026 Act are repealed on January 2, 2037.

27 (2) Any moneys remaining in the Federal Moneys Holding Account established under
28 section 2 of this 2026 Act on the date specified in subsection (1) of this section shall be
29 transferred to the General Fund to be used for general governmental purposes.

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

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