**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session** **MEASURE: SB 252 B**
**STAFF MEASURE SUMMARY** **CARRIER:**
**House Committee on Business & Labor**

**REVENUE: Revenue statement issued**
**FISCAL: Fiscal statement issued**

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| **Action:** | | Do Pass as Amended, Be Printed Engrossed, and Be Referred to the Committee on Ways and Means |
| **Vote:** | | 7 - 1 - 2 |
| | **Yeas:** | Barton, Fagan, Holvey, Kennemer, Thompson, Witt, Doherty |
| | **Nays:** | Weidner |
| | **Exc.:** | Matthews, Thatcher |
| **Prepared By:** | | Jan Nordlund, Administrator |
| **Meeting Dates:** | | 5/8, 5/29 |

**WHAT THE MEASURE DOES:** Increases minimum penalty to employers for continued late filing of unemployment insurance quarterly report to $100 from current penalty of $85.25 based on formula. Creates tiered penalty for continued late filing of zero payroll quarterly report. Takes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Use of quarterly reports to administer benefit claims and avoid overpayments
- Written warning provided on first late filing
- Penalty used to encourage compliance
- Cost of collection compared with penalty amount
- Whether penalty amount should be tiered
- Impact on new, small businesses with no one on payroll

**EFFECT OF COMMITTEE AMENDMENT:** Creates tiered penalty structure for late filing of zero payroll quarterly report: first violation warrants a written warning, violation within three years of written warning carries $10 penalty, first violation within three years of penalty is $25, second violation is $50, and third and subsequent violations are $100.

**BACKGROUND:** The Oregon Employment Department is charged with supporting economic stability for Oregonians and communities during times of unemployment through the payment of unemployment insurance (UI) benefits. To be eligible to receive benefits, an individual must have earned at least $1,000 in wages in subject employment during the first four of the previous five quarters, as well as total wages of at least 1.5 times that of the highest quarter during the same period. Weekly benefits range from $122 per week to $524 per week.

Oregon law requires employers to file quarterly reports listing how many people, if any, they employed and the wage paid to them. The quarterly reports are used to determine whether individuals have enough earnings to be eligible to receive UI benefits and to determine the amount of benefits for qualified individuals.

The Department believes the current penalty for failure to file quarterly reports in a timely manner is an insufficient deterrent to compel compliance, particularly by small employers with few employees or those reporting they had no payroll. After the first occurrence of a late filing, the Department sends a written notice warning that a subsequent late filing could result in a penalty. The Department estimates 4,800 employers repeatedly file their reports late; however, many of those penalties are not pursued because of the cost of collection. Based on a formula, the current minimum penalty is $85.25; Senate Bill 252-B raises the minimum penalty for continued late filing to a flat minimum of $100. The penalty for continued late filing of a zero-payroll report is increased from the current $5 to $10 for the first violation within three years of a written warning. A violation after the first penalty is penalized at $25, the second violation is $50, and third and subsequent violations are $100.