

## **SB 172 A -A6, -A7, -A8 STAFF MEASURE SUMMARY**

### **House Committee On Business and Labor**

---

**Prepared By:** Jan Nordlund, LPRO Analyst

**Meeting Dates:** 5/10, 5/19, 5/24

---

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

Allows Director of Oregon Employment Department to deduct all or part of unemployment insurance (UI) benefit overpayment against future weekly benefits within five years following final decision; however, deductions are not subject to five-year limitation when overpayment was due to willful misrepresentation. Provides that notice of liability for recovery of overpayments must include description of basis for decision and consequences of overpayment. Authorizes Director to waive all or part of outstanding overpayment if Director finds recovery would be against equity and good conscience and clarifies that waiver extinguishes all liability of debtor. Prohibits Director from waiving recovery if overpayment was due to willful misrepresentation. Provisions regarding overpayments apply to benefits determined on or after the effective date of the Act to have been overpaid. Establishes that back pay must be considered as earnings in determination of UI benefits and amount may not be reduced to reflect amount of benefits received during period for which back pay was paid or awarded. Defines "bias crime" and replaces references to crime of intimidation to bias crime to align with Senate Bill 577 (2019). Declares emergency, effective on passage.

Fiscal: Statement has been issued

Revenue: Statement has been issued

Senate vote: 28-0

#### **ISSUES DISCUSSED:**

- Existing authority of agency to take civil action under certain circumstances
- Overpayments for three reasons: no fault of benefit recipient, non-fraudulent misrepresentation of facts, and willful misrepresentation of facts
- Potential extent of overpayments given new benefit programs and new agency staff processing claims

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

-A6 (Rep. Gomberg) Provide that person who received overpayment of unemployment insurance benefits through no fault of their own is liable for repayment.

-A7 (Rep. Gomberg) Removes proposed five-year limit to collect overpayments made due to misrepresentation (willful or not) and existing five-year limit to collect overpayments made through no fault of recipient.

-A8 (Rep. Gomberg) Clarifies that provisions apply to benefits determined to have been overpaid before, on, or after the effective date.

Fiscal: Statement has been issued

Revenue: Statement has been issued

#### **BACKGROUND:**

An overpayment of unemployment insurance (UI) benefits occurs when an individual receives benefit payments to which they are not entitled. Current law makes recipients of overpayments liable to repay the amount of the overpayment to the Oregon Employment Department (OED). If the Director of OED determines the cause of the overpayment was the false or misleading actions of the recipient, regardless of intent, the recipient must either

**SB 172 A -A6, -A7, -A8 STAFF MEASURE SUMMARY**

reimburse the full amount of the overpayment to the UI trust fund or have the amount deducted from future benefits to which the recipient is otherwise entitled. If the Director determines the overpayment was not caused by the recipient, the overpayment must be deducted from future UI benefits to which the recipient is otherwise entitled in this or any other state for any benefit week within five years of the final decision from the Director. The Director may also bring civil action to recover outstanding overpayments.

The Director must waive recovery if the overpayments are due to a change in law and may waive recovery of overpayments made through no fault of the recipient if the Director finds that recovery would be against equity and good conscience.

Senate Bill 172-A allows the Director, when recovering overpayments against future UI benefits, to recover against all *or part of* future weekly benefits, and also to waive all or part of a recipient's overpayment liability when recovery would be against equity and good conscience. The measure establishes a five-year window for the recovery of overpayments with an exception for willful misrepresentation and requires any notice provided to an overpayment recipient to describe the basis of the Director's decision and the consequences of the overpayment. The measure treats backpay as earnings for purposes of determining UI benefits.