

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 881 - 1

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Provides that client company that is furnished workers by worker leasing company is responsible for employer duties under paid family and medical leave insurance program with respect to workers leased to client company.

Government Unit(s) Affected:

Employment Department

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis: The measure permits a worker leasing company to amend any quarterly reports detailing Paid Leave Oregon contribution amounts paid by the worker leasing company on behalf of a client employer on or after January 1, 2023 and directs the Department of Revenue to issue a refund to worker leasing company if an amended combined quarterly report reflects that a refund is due. The refund is limited to three years from the date that the worker leasing company made Paid Leave Oregon contributions on behalf of a client employer. The measure specifies that the worker leasing company is not responsible for Paid Leave Oregon contributions on behalf of a client employer with fewer than 25 employees.

The Oregon Employment Department (OED) states that the measure will require programming of the computer system to accommodate the provisions of the measure. OED anticipates that the programming can be accomplished with current resources; however, the Legislative Fiscal Office notes that there could be an opportunity cost to ensure that programming is completed by July 1, 2024, the operative date of the measure; namely, potential delays to the roll-out of modernized unemployment insurance benefits, which is scheduled for March 1, 2024.

The measure will have an impact on the Paid Leave Oregon Trust Fund due to provisions allowing worker leasing companies to amend their 2023 and first quarter 2024 quarterly reports to receive a refund of the contributions paid for their client employers that have less than 25 employees. Assuming 35% of the worker leasing wages come from small employers, it is estimated that about \$450,000 in contributions will not be paid (or will need to be refunded) in a year. Less inflow into the Paid Leave Oregon Trust Fund means the costs would be spread among those who pay contributions (including all covered employees, large employers, small employers who elect to pay contributions to receive assistance grants, and self-employed individuals).