

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2023 Regular Session
Legislative Revenue Office

Bill Number: SB 881 - 1
Revenue Area: Paid Leave Oregon
Economist: Dae Baek
Date: 3/27/2023

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Defines a client employer, a worker leasing company, and their relations for purposes of paying employer contributions under the Paid Leave Oregon program. Specifies that a worker leasing company is not responsible for paying employer contributions on behalf of a client employer if the client employer employs fewer than 25 workers. Applies to employer contributions paid by a worker leasing company on behalf of a client employer on or after January 1, 2023.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2023-24	2024-5	2023-25	2025-27	2027-29
Paid Family and Medical Leave Insurance Fund	\$0	-\$1.12	-\$1.12	-\$0.93	-\$0.96

Impact Explanation:

With the change in the bill, many client employers will be considered as small employers if they employ fewer than 25 workers. These small employers are not obligated to pay employer contributions to the Paid Family and Medical Leave Insurance Fund. Employer contributions to the fund have been paid by the worker leasing companies on behalf of their client employers. However, starting from July 1, 2024, worker leasing companies will not pay employer contributions on behalf of small client employers, and they can amend prior reports to seek refunds retroactively for employer contributions paid between January 1, 2023 and June 30, 2024.

Employer contributions from small client employers are currently estimated to be \$450,000 a year. The revenue impact for FY 2023-25 captures expected refunds and employer contributions that will not be made after the law becomes effective on July 1, 2024.

Creates, Extends, or Expands Tax Expenditure: Yes No