

House Committee on Business and Labor

January 18, 2023

House Bill (HB) 2290 - Information Sharing**Summary**

HB 2290 allows the Oregon Department of Revenue (DOR) to share self-employed income with the Oregon Employment Department (OED) to aid in administering Paid Leave Oregon and Unemployment Insurance (UI) as DOR has previously shared with OED for the temporary Pandemic Unemployment Assistance program during the pandemic. The bill allows employers to report to workers and the DOR the total amount withheld during the year from an employee's pay for Paid Leave Oregon contributions on Form W-2. Finally, HB 2290 permits OED to use information already received from county jails about adults in custody for purposes of UI administration, to also be used for Paid Leave Oregon administration.

OED is in the process of implementing a modernized information technology system, Frances, to administer both UI and Paid Leave Oregon. Frances uses common data, organizational structures, and processes for both programs. The new system will make it easier to administer the programs, verify wage records, and simultaneously audit employers. Frances Online, the online customer portal, will improve access to Paid Leave and UI services by providing seamless and consistent customer service and, given what has been implemented so far for UI tax and Paid Leave Oregon contributions, is already doing so for employers.

The statute prohibits the DOR from disclosing information contained in a tax return; however, ORS 314.840 provides exceptions to the disclosure in particular situations. OED has worked together with DOR to draft this bill to modify their disclosure statute to improve efficiency for both the UI and the Paid Leave Oregon programs and align information sharing in Frances.

Beginning in 2023, Paid Leave Oregon is on the combined quarterly payroll tax report along with state income tax withholding, UI, and other payroll taxes. Expanding the disclosure statute will provide the ability for the three programs to verify subject wages together. It will also expand the ability for the OED to access income information for self-employed people that choose to enroll in the Paid Leave Oregon program, and the ability to perform joint audits with UI and Paid Leave Oregon. HB 2290 would permit OED to receive and use the iWire (Form



W2 and 1099) information reported to the DOR. Otherwise, OED does not have access to this information.

Without this bill, OED does not have access to the annual Form W2, which will contain the amount of Paid Leave Oregon contributions paid by the employee. Without this information, OED is limited in its ability to validate if an employer withheld the appropriate amount for an employee's Paid Leave Oregon contributions.

Additionally, this bill amends the law, which permits county jails in Oregon to report defendant information to OED to expand to include the Paid Leave Oregon program in addition to UI.

HB 2290 does not create any fiscal impact for OED since OED is currently developing Frances for the UI and Paid Leave Oregon programs. We can incorporate this exchange of information sharing into our current Frances development as vendor staff are onsite. If it is not done now, then it would be a change to programming of Frances in the future that would require modifying Frances and incur staff and vendor costs.

We ask you to support our efforts at protecting taxpayer information, while increasing efficiency for UI and Paid Leave Oregon by passing HB 2290.

For more information about this testimony, contact OED_Legislative_Affairs@employ.oregon.gov.