

# A-Engrossed House Bill 2236

Ordered by the House April 15  
Including House Amendments dated April 15

Sponsored by Representative BOSHART DAVIS (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

**Digest: The Act would make a worker leasing company elect to treat the workers it supplies to a client as either its own workers or the workers of the client for certain UI laws. (Flesch Readability Score: 60.5).**

*[Digest: The Act would make changes to laws regarding paid employment benefits. The Act takes effect 91 days following sine die. (Flesch Readability Score: 65.5).]*

*[Directs the Director of the Employment Department to reimburse a worker leasing company for any employer contribution payments made by the worker leasing company if the Department of Revenue determines pursuant to an amended combined quarterly report that a refund is due. Applies to payments of contributions by a worker leasing company on behalf of a client employer on or after January 1, 2023.]*

*[Provides that a worker leasing company is not responsible for paying employer contribution amounts on behalf of client employers that employ fewer than 25 employees. Establishes the method by which the Employment Department shall determine the number of employees employed by the employer for purposes of determining liability for such contributions.]*

**Allows a worker leasing company to elect to treat the employees it furnishes to a client employer as either the employees of the company itself or of the client employer for certain purposes under unemployment insurance law.**

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

Relating to employment; creating new provisions; amending ORS 657.010; and prescribing an effective date.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 657.010, as amended by section 28, chapter 75, Oregon Laws 2024, is amended to read:

657.010. As used in this chapter, unless the context requires otherwise:

(1) "Base year" means the first four of the last five completed calendar quarters preceding the benefit year.

(2) "Benefits" means the money allowances payable to unemployed persons under this chapter.

(3) "Benefit year" means a period of 52 consecutive weeks commencing with the first week with respect to which an individual files an initial valid claim for benefits, and thereafter the 52 consecutive weeks period beginning with the first week with respect to which the individual next files an initial valid claim after the termination of the individual's last preceding benefit year except that the benefit year shall be 53 weeks if the filing of an initial valid claim would result in overlapping any quarter of the base year of a previously filed initial valid claim.

(4) "Calendar quarter" means the period of three consecutive calendar months ending on March 31, June 30, September 30 or December 31, or the approximate equivalent thereof, as the Director of the Employment Department may, by rule, prescribe.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

(5) “Client employer” means an employer that enters into an agreement with a worker leasing company for the furnishing of workers.

[(5)] (6) “Contribution” or “contributions” means *[the taxes that are]* the money payments required by this chapter, or voluntary payments permitted, to be made to the Unemployment Compensation Trust Fund.

[(6)] (7) “Educational institution,” including an institution of higher education, means an institution:

(a) In which participants, trainees or students are offered an organized course of study or training designed to transfer to them knowledge, skills, information, doctrines, attitudes or abilities from, by or under the guidance of an instructor or teacher;

(b) That is accredited, registered, approved, licensed or issued a permit to operate as a school by the Department of Education or other government agency, or that offers courses for credit that are transferable to an approved, registered or accredited school;

(c) In which the course or courses of study or training that it offers may be academic, technical, trade or preparation for gainful employment in a recognized occupation; and

(d) In which the course or courses of study or training are offered on a regular and continuing basis.

[(7)] (8) “Employment office” means a free public employment office or branch thereof, operated by this state or maintained as a part of a state-controlled system of public employment offices.

(9) “Furnished employee” means a worker who is furnished to a client employer under an agreement entered into with a worker leasing company.

[(8)] (10) “Hospital” has the meaning given that term in ORS 442.015.

[(9)] (11) “Institution of higher education” means an educational institution that:

(a) Admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate;

(b) Is legally authorized in this state to provide a program of education beyond high school;

(c) Provides an educational program for which it awards a bachelor’s or higher degree, or provides a program that is acceptable for full credit toward such a degree, a program of post-graduate or post-doctoral studies, or a program of training to prepare students for gainful employment in a recognized occupation; and

(d) Is a public or other nonprofit institution.

[(10)] (12) “Instructional capacity” does not include services performed as an instructional assistant as defined in ORS 342.120.

[(11)] (13) “Internal Revenue Code” means the federal Internal Revenue Code, as amended and in effect on December 31, 2023.

[(12)] (14) “Nonprofit employing unit” means an organization, or group of organizations, described in section 501(c)(3) of the Internal Revenue Code that is exempt from income tax under section 501(a) of the Internal Revenue Code.

[(13)] (15) “State” includes, in addition to the states of the United States of America, the District of Columbia and Puerto Rico. However, for all purposes of this chapter the Virgin Islands shall be considered a state on and after the day on which the United States Secretary of Labor first approves the Virgin Islands’ law under section 3304(a) of the Federal Unemployment Tax Act as amended by Public Law 94-566.

[(14)] (16) “Taxes” means **contributions** *[the money payments to the Unemployment Compensation Trust Fund required, or voluntary payments permitted, by this chapter]*.

1       [(15)] (17) “Valid claim” means any claim for benefits made in accordance with ORS 657.260 if  
2 the individual meets the wages-paid-for-employment requirements of ORS 657.150.

3       [(16)] (18) “Week” means any period of seven consecutive calendar days ending at midnight, as  
4 the director may prescribe by rule.

5       (19) “Worker leasing company” means a person required to be licensed under ORS  
6 656.855.

7       **SECTION 2.** Sections 3 and 4 of this 2025 Act are added to and made a part of ORS  
8 chapter 657.

9       **SECTION 3.** (1)(a) Notwithstanding any other provision of this chapter, during the term  
10 of the agreement under which a worker leasing company furnishes employees to a client  
11 employer, the worker leasing company shall elect to treat the employees so furnished as ei-  
12 ther employees of:

13       (A) The worker leasing company; or

14       (B) The client employer.

15       (b) Notwithstanding any other provision of law, if a worker leasing company elects to  
16 treat a furnished employee as its own employee under paragraph (a) of this subsection, such  
17 treatment shall be limited to the payroll tax reporting provisions of this chapter.

18       (c)(A) Benefits based on the wages of the furnished employees reported in accordance  
19 with paragraph (a)(A) of this subsection shall be charged, in accordance with ORS 657.471,  
20 to the worker leasing company and not to the client employer.

21       (B) Benefits based on the wages of the furnished employees reported in accordance with  
22 paragraph (a)(B) of this subsection shall be charged, in accordance with ORS 657.471, to each  
23 respective client employer and not to the worker leasing company.

24       (2) For purposes of determining wages in excess of the taxable wage base under ORS  
25 657.095, any remuneration covered by this chapter that is paid by a client employer or a  
26 worker leasing company to an individual during a calendar year shall be included in payroll  
27 for both the client employer and the worker leasing company.

28       (3)(a) A worker leasing company shall notify the Director of the Employment Department  
29 in writing of its election of a reporting method under subsection (1)(a) of this section.

30       (b)(A) A worker leasing company electing the reporting method under subsection  
31 (1)(a)(B) of this section shall produce all documentation and information requested by the  
32 director within 60 days after submitting the written notice.

33       (B) If the worker leasing company has not complied with a request under subparagraph  
34 (A) of this paragraph on or before the end of the 60-day period, the worker leasing company  
35 shall use the reporting method described in subsection (1)(a)(A) of this section.

36       (4)(a) After an initial election of treatment under subsection (1)(a) of this section, a  
37 worker leasing company may change its election by written notice to the director.

38       (b) Such subsequent change of election:

39       (A) Shall become effective in the calendar year following the year in which the written  
40 notice is received by the director; and

41       (B) May not be changed again for two calendar years following the effective date of the  
42 change.

43       **SECTION 4.** A worker leasing company’s election of its treatment of furnished employees  
44 under section 3 (1) of this 2025 Act made during the first 120 days following the effective date  
45 of this 2025 Act:

1       (1) Becomes effective as of the first day of the calendar quarter in which the election is  
2       made.

3       (2) Does not count toward the limit on subsequent changes of election under section 3  
4       (4) of this 2025 Act.

5       SECTION 5. Section 4 of this 2025 Act is repealed on January 2, 2027.

6       SECTION 6. This 2025 Act takes effect on the 91st day after the date on which the 2025  
7       regular session of the Eighty-third Legislative Assembly adjourns sine die.

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