

Senate Committee on Labor and Business

January 20, 2025

SB 859 – Paid Leave Oregon Waiver of Employer Penalties and Interest**Summary**

SB 859 would help with alignment of the administration of both the Paid Leave Oregon and Unemployment Insurance programs relating to the collection and recovery of Paid Leave contributions and other debts owed by employers. The Oregon Employment Department (OED) has worked closely with our Advisory Committee for the requests found in this bill.

Employers in Oregon report and pay Unemployment Insurance (UI) taxes and Paid Leave Oregon contributions using the same combined quarterly payroll reporting system. OED has one dedicated division, the Contributions and Recovery Division, which collects and recovers the taxes or contributions due to both programs. Therefore, it would be beneficial for OED's administration of Paid Leave Oregon and UI programs if the Department had the same authority to collect or receive employer debts for both programs, and less confusing for the employers we serve.

Under current law, OED only has the authority to waive penalties or interest owed by Paid Leave Oregon benefit recipients, not debts owed by employers. The authority to waive penalties and interest owed by Paid Leave Oregon benefit recipients to help settle debts was added during the 2023 Legislative Session with Senate Bill 912.

Employer debts owed to the Department include monetary penalties and interest for delinquent contributions, equivalent plan application fees, and employer assistance grant repayments, as well as civil penalties for misrepresentation.

Not having the same authority to waive, reduce, compromise, or write-off Paid Leave Oregon employer debts in the same way as OED can for employer UI debts is especially problematic if the employer has debts for both programs. It makes it harder for OED to resolve both debts with the employer at the same time. The Department believes this authority is needed especially because sometimes the penalties required by law are disproportionately higher than any contributions or taxes that are owed. The tool will also be used to encourage future compliance by the employer.



SB 859 also provides authority for OED to write off debts incurred by employers if the following occurs:

- The lien or judgment has expired; or
- The employer no longer has an active business in Oregon and there is no likelihood of recovering the amount due.

SB 859 would align our ability to write off employer debts for the Paid Leave Oregon and UI programs when we determine they are uncollectible. It would also provide us with the ability to waive Paid Leave Oregon penalties and interest for employer debts but that doesn't mean we will do that for every debt. Our goal is always to recover the underlying or principal amount due whether it's a delinquent contribution or other type of debt. We plan to use this authority as a tool for negotiating a resolution in the same way as we already do for employers with UI debt.

If passed into law, SB 859 would give the Department the authority it needs to apply to contributions, penalties, interest, or equivalent plan application fees due on or after the date when contributions were required to begin for Paid Leave Oregon, January 1, 2023. It would also apply to grant repayments due on or after the date when the Department began to accept grant applications, September 3, 2023.

OED believes that SB 859 may create a revenue impact to the Paid Leave Oregon Trust Fund, the Department does not believe the proposed changes in law poses any risk to the solvency of the fund in the foreseeable future.

We ask you support SB 859 to improve OED's ability to recover the underlying debt due, help our customers, and align our administration for Paid Leave Oregon and UI.

For more information about this testimony, contact [OED Legislative Affairs@employ.oregon.gov](mailto:OED_Legislative_Affairs@employ.oregon.gov).