

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
83rd Oregon Legislative Assembly  
2026 Regular Session  
Legislative Revenue Office

Bill Number: HB 4094 - 5  
Revenue Area: Personal and Business Tax  
Economist: Jonathan Hart  
Date: 2/10/2026

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

**Measure Description:**

Requires employers who provide paid vacation time to compensate employees for all earned or accrued but unused paid vacation time when employment terminates.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2025-26	2026-27	2025-27	2027-29	2029-31
General Fund	\$0	\$0.6	\$0.6	\$2.8	\$3.9

**Impact Explanation:**

Some employers currently do not pay employees for unused vacation when they leave their jobs. This bill would require those employers to pay for accumulated vacation time which will increase the taxable income of some employees. However, for most taxable businesses the cost of paying out vacation can be deducted as a business expense, which lowers taxable income of the employers. The net impact on tax revenues will be from employers that don't currently pay out vacation and are either nontaxable (so they can't take a deduction) or apportion their expenses across multiple states (which reduces the value of the employer deduction relative to the employee income).

The estimate is largely based on information from the Bureau of Labor Statistics, which provides average leave accrual and usage statistics, as well as average tenure for employees. This bill does not apply to Oregon Health and Science University or to employers with fewer than 10 employees. The estimated revenue impact is scaled based on information on Oregon's workforce. The impact begins with accrual of vacation in mid-2026 and will increase over time.

**Creates, Extends, or Expands Tax Expenditure:** Yes ☐ No ☒