



Legislative Fiscal Office  
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Prepared by: Haylee Morse-Miller  
Reviewed by: John Borden, Paul Siebert, Katie Bannikov, Steve Robbins, Kim To, John Terpening  
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**Bill Title:** Relating to payments to the federal government; prescribing an effective date.

**Government Unit(s) Affected:** Department of Administrative Services, Office of the Governor, Statewide - Executive Branch, Statewide - Judicial Branch, Statewide - Legislative Branch, Department of Justice, State Treasurer

**Summary of Fiscal Impact:** Costs related to the measure are indeterminate at this time - see explanatory analysis.

**Measure Description**

This measure permits the Governor, with the consent of the Attorney General and the State Treasurer, to direct an executive agency to withhold qualified payments from the federal government if federal moneys required to be transferred to the state under a valid court order have not been transferred. "Qualified payments" include moneys that a state agency is obligated to transfer to the federal government pursuant to contract or federal law, with the exception of payroll taxes, amounts voluntarily withheld from unemployment insurance and paid family and medical leave insurance benefits for federal income tax purposes, and any revenues collected or overpaid benefits recovered pursuant to the Federal Unemployment Tax Act or ORS chapter 657.

Agencies that withhold payments are to transfer the payments to the Federal Moneys Holding Account that is established by the measure. Moneys in the account are continuously appropriated to the Department of Administrative Services (DAS). Excess moneys are to be transferred from the account to executive agencies to pay the federal government when the Governor determines that the amount of moneys in the account exceeds the aggregate amount of unlawfully withheld federal moneys.

**Fiscal Analysis**

There is an indeterminate impact statewide related to this measure. While there is no or minimal fiscal impact related to agencies transferring moneys to Federal Moneys Holding Account instead of to the federal government, there could be a fiscal impact related to agency withholding of funds, including interest and penalties that are charged by the federal government for late repayments. Agencies could also be out of compliance with grant requirements should they withhold funding, which could lead to a loss of these funding streams. The impact of these potential penalties is indeterminate.

Costs related to administration of the fund by DAS are anticipated to be minimal but there could be a fiscal impact based on the volume of requests to withhold or distribute funding, or for the Department of Justice to respond to any legal action resulting from the withholding of funds.

**Relevant Dates**

The measure takes effect on the 91st day after sine die.

The measure sunsets January 2, 2037. Any moneys in the Federal Moneys Holding Account are to be transferred to the General Fund for general governmental purposes at that time.