



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2026 Regular Session

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Bill Title: Relating to compensation for certain unused paid time off upon termination of employment; prescribing an effective date.

Government Unit(s) Affected: Board of Geologist Examiners, Forest Resources Institute, State Treasurer, Board of Examiners for Engineering and Land Surveying, Film Office, Secretary of State, Bureau of Labor and Industries, Cities, Counties, Employment Department, Metro, School Districts, Special Districts, Statewide - Executive Branch, Statewide - Judicial Branch, Statewide - Legislative Branch, Board of Massage Therapists, Landscape Architect Board, Tourism Commission, Higher Education Coordinating Commission, Public Employees Retirement System, Public Records Advocate, Oregon Lottery Commission, Board of Optometry, Board of Physical Therapy, Landscape Contractors Board, Oregon Health and Science University, Travel Information Council, Wine Board, Department of the State Fire Marshal, Appraiser Certification and Licensure Board, Department of Justice, Oregon Racing Commission, Department of Administrative Services, Board of Architect Examiners, District Attorneys, Patient Safety Commission

Summary of Fiscal Impact:

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Bureau of Labor and Industries	\$ 60,365	\$ -	\$ -	\$ -	\$ 60,365	1	0.25
Total Fiscal Impact	\$ 60,365	\$ -	\$ -	\$ -	\$ 60,365	1	0.25

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Bureau of Labor and Industries	\$ 115,311	\$ -	\$ -	\$ -	\$ 115,311	1	0.50
Total Fiscal Impact	\$ 115,311	\$ -	\$ -	\$ -	\$ 115,311	1	0.50

Measure Description

The measure requires that if an employer provides for payment of earned or accrued but unused paid time off on termination of employment, pursuant to an applicable employment contract or the employer's written policy, then this payment must be made at the time and in the manner required for final wages under ORS 652.140.

Fiscal Analysis

The fiscal impact for the Bureau of Labor and Industries (BOLI) is estimated to be \$60,365 General Fund and one position (0.25 FTE) for the 2025-27 biennium, and \$115,311 General Fund and one position (0.50 FTE) for the 2027-29 biennium.

Bureau of Labor and Industries

BOLI costs are estimated to total \$60,365 General Fund for the 2025-27 biennium, and \$115,311 General Fund for the 2027-29 biennium. These costs are associated with hiring one permanent, part-time Compliance Specialist 2 (0.25 FTE in the 2025-27 biennium and 0.50 FTE in the 2027-29 biennium) to investigate claims for vacation or paid time off payout upon termination of employment. While there is case law related to payment of accrued time off, there is no statutory requirement to pay accrued time off with an employee's final paycheck. As a result, BOLI has had to close these types of cases without investigation if the agency is unable to collect through the Notice of Claim process. This measure codifies in statute the payout of vacation and PTO leave, consequently, BOLI will investigate related wage claims if they are not resolved through the Notice of Claim process.

In the most recent biennium, there were 176 wage claims related to unused time off payouts, with 154 closed without an investigation when the employer disputed the claim. Compliance Specialists generally handle around 100 wage claims a year.

Other entities

There is a minimal fiscal impact for the Oregon Employment Department; however, for both Unemployment Insurance and Paid Leave Oregon, any paid time off hours that are paid after separation may be considered subject wages, which would mean higher base year wages, benefit amounts, and trust fund contributions. This impact is anticipated to be minimal.

There is no or minimal impact anticipated for local governments or other agencies statewide.

Relevant Dates

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