

HB 4094 A STAFF MEASURE SUMMARY

House Committee On Labor and Workforce Development

Action Date: 02/16/26

Action: Do pass with amendments and be referred to
Ways and Means. (Printed A-Eng.)

Vote: 5-3-0-0

Yea: 5 - Fragala, Grayber, Munoz, Nelson, Rieke Smith

Nay: 3 - Boshart Davis, Bunch, Scharf

Fiscal: Fiscal impact issued

Revenue: Has minimal revenue impact

Prepared By: Erin Seiler, LPRO Analyst

Meeting Dates: 2/4, 2/16

WHAT THE MEASURE DOES:

The measure requires employers, pursuant to an employment contract or an employer's policy, to provide for the payment of earned or accrued but unused paid vacation time upon termination of employment. The payment of vacation time must be made in accordance with the existing timelines for wage payments upon termination of employment.

ISSUES DISCUSSED:

- Employer policies related to unused vacation time
- Types of leave benefits an employer may provide
- Application of the requirement to collective bargaining agreements
- Other states with policies related to unused vacation time
- Reasons employees bank vacation time

EFFECT OF AMENDMENT:

The amendment replaces the measure.

BACKGROUND:

Oregon law provides employees with paid and unpaid protected leave for a variety of reasons. The Paid Leave Oregon program is contained in Oregon Revised Statutes Chapter 657B and was enacted by the legislature in 2019. This program allows eligible Oregon employees to take paid leave for specified family, medical, or safety-related reasons and requires employers with 25 or more employees to contribute to the program's fund. The Oregon Family Leave Act (OFLA) applies to employers with 25 or more employees. OFLA permits employees to take protected, unpaid leave for several qualifying reasons, including sick child leave, pregnancy disability leave, and bereavement leave. Oregon law also provides employees with leave for other reasons, such as military family leave, sick time, and leave to attend a criminal proceeding. Employers in Oregon with at least 10 employees are required to have a sick time policy that permits an employee to accrue at least 1 hour of paid sick time for every 30 hours worked, or 1 and 1/3 hours for every 40 hours worked.

There is no legal requirement for an employer to offer vacation pay, holiday pay, bonuses, or severance pay to workers. These are examples of agreements that may be made between employers and employees as a part of the employee's total compensation agreement. However, an employer is required to honor any established policy or agreement relating to the payment of benefits, such as accrued vacation or severance pay, upon termination.