

A-Engrossed

House Bill 4094

Ordered by the House February 18
Including House Amendments dated February 18

Sponsored by Representative NELSON, Senators MANNING JR, GORSEK, Representatives CHAIKI, CHOTZEN, RIEKE SMITH, WISE, Senator CAMPOS; Representatives ANDERSEN, GAMBA, ISADORE, MUÑOZ, SOSA, TRAN, WALTERS, Senators FREDERICK, NERON MISSLIN, PATTERSON (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: This Act makes laws about payouts for certain unused paid time off. (Flesch Readability Score: 81.8).

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

Requires employers that provide, by written policy or employment contract, for the payment of earned or accrued but unused paid time off upon termination to make such payments in accordance with statutory requirements governing final wages.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1 Relating to compensation for certain unused paid time off upon termination of employment; creating
2 new provisions; amending ORS 652.140; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. If an employer, pursuant to an applicable employment contract or the**
6 **employer's written policy, provides for the payment of earned or accrued but unused paid**
7 **time off upon the termination of employment, the employer shall pay such compensation at**
8 **the time and in the manner required for final wages under ORS 652.140.**

9 **SECTION 2. ORS 652.140 is amended to read:**

10 652.140. (1) When an employer discharges an employee or when employment is terminated by
11 mutual agreement, all wages earned and unpaid at the time of the discharge or termination become
12 due and payable not later than the end of the first business day after the discharge or termination.

13 (2)(a) When an employee who does not have a contract for a definite period quits employment,
14 all wages earned and unpaid at the time of quitting become due and payable immediately if the
15 employee has given to the employer not less than 48 hours' notice, excluding Saturdays, Sundays
16 and holidays, of intention to quit employment.

17 (b) Except as provided in paragraph (c) of this subsection, if the employee has not given to the
18 employer the notice described in paragraph (a) of this subsection, the wages become due and payable
19 within five days, excluding Saturdays, Sundays and holidays, after the employee has quit, or at the
20 next regularly scheduled payday after the employee has quit, whichever event first occurs.

21 (c) If the employee has not given to the employer the notice described in paragraph (a) of this
22 subsection and if the employee is regularly required to submit time records to the employer to en-
23 able the employer to determine the wages due the employee, within five days after the employee has

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 quit the employer shall pay the employee the wages the employer estimates are due and payable.
2 Within five days after the employee has submitted the time records, all wages earned and unpaid
3 become due and payable.

4 (3) For the purpose of this section, if employment termination occurs on a Saturday, Sunday or
5 holiday, all wages earned and unpaid shall be paid no later than the end of the first business day
6 after the employment termination, except that if the employment is related to activities authorized
7 under ORS chapter 565, all wages earned and unpaid shall be paid no later than the end of the
8 second business day after the employment termination.

9 (4) The employer shall forward such wages by mail to any address designated by the employee
10 if the employee requests the employer so to do. An employer may deposit such wages without dis-
11 count in the employee's account in a financial institution, as defined in ORS 706.008, in this state,
12 provided the employee and the employer have agreed to such deposit.

13 (5) This section does not apply to employment for which a collective bargaining agreement oth-
14 erwise provides for the payment of wages upon termination of employment.

15 (6) When a termination of employment results from the sale of a business or business property
16 and the purchaser employs or continues the employment of an individual employed at the business,
17 this section does not apply to the payment to such an individual of wages for earned but unused
18 accrued holiday leave, sick leave, vacation leave or other leave benefits payable upon termination
19 of employment pursuant to a collective bargaining or other employment agreement or employer
20 policy, if the following conditions are met:

21 (a) On the first day of such an individual's continued employment the purchaser of the business
22 credits the individual with all such earned but unused accrued leave; and

23 (b) The leave, when used, is paid at a rate not less than the rate at which the leave was earned
24 or, if paid at a lesser rate, the number of hours credited is increased to compensate the individual
25 for any difference.

26 (7) **Except as provided in subsection (6) of this section, wages earned and unpaid include
27 compensation for earned or accrued but unused paid time off that is payable pursuant to an
28 employment contract or employer's written policy, as described in section 1 of this 2026 Act.**

29 **SECTION 3. This 2026 Act takes effect on the 91st day after the date on which the 2026
30 regular session of the Eighty-third Legislative Assembly adjourns sine die.**