

# Oregon Employment Department 2025 Legislative Session Summary



August 2025

SUPPORT BUSINESS | PROMOTE EMPLOYMENT

# Executive Summary

The 83<sup>rd</sup> Oregon Legislative Assembly adjourned sine die on Friday, June 27. Oregon's 2025 Legislative Session lasted 160 days – ending two days before the constitutional deadline. During the course of this session, the Legislative Assembly introduced a record 3,466 measures. Subject matter experts at the Oregon Employment Department (OED) reviewed each measure, ultimately identifying and tracking 538 bills relevant to the agency's administration and programs.

OED worked closely with members of both political parties to advocate for internal bills, provide answers to policy questions, and ensure legislator-driven measures will be implemented based on their expressed intent.

OED pursued the following six policy bills, which were passed by the Legislature in 2025, to help support the administration of our programs:

- 1) **House Bill (HB) 3021** – Updates statutes to reflect current agency operations and modernize our rules. It replaces outdated references to divisions within OED, clarifies the responsibilities of the OED director, and makes language about OED's Advisory Council more inclusive.
- 2) **HB 3022** – Extends data-sharing permissions between other state agencies and OED. This helps Paid Leave Oregon confirm eligibility and enforce program rules more effectively, improving accuracy and service delivery.
- 3) **HB 3024** – Removes the eight-week disqualification penalty for UI claimants who quit or were discharged from their jobs but later requalify for benefits. This means eligible people can receive the full 26 weeks of benefits and delays and confusion in claim processing will be reduced.
- 4) **Senate Bill (SB) 143** – Increases funding to OED through the Supplemental Employment Department Administrative Fund (SEDAF). This helps us maintain staffing and customer service levels for our federally funded programs.
- 5) **SB 858** – Makes several technical fixes to Paid Leave Oregon. It clarifies eligibility rules, allows someone to apply on behalf of an incapacitated or deceased claimant, and confirms that non-attorneys can represent parties in appeals. These changes will reduce barriers and improve access to benefits.
- 6) **SB 859** – Lets OED waive or reduce penalties and interest for employers with Paid Leave Oregon debts. It also allows us to write off uncollectible debts, aligning debt recovery practices for both the Paid Leave and Unemployment Insurance programs.

In addition, several other policy bills requested by legislators and advocacy groups will have an impact on OED. These include but are not limited to:

- **SB 916** – Allows striking workers to receive up to 10 weeks of UI benefits after a two-week disqualification. This change starts Jan. 1, 2026.
- **HB 2236** – Permits professional employer organizations (PEOs) to report payroll information aggregately on behalf of their clients.
- **HB 2271** – Provides a tax credit for employers whose UI tax rates were negatively impacted by pandemic-era tax relief. This bill takes effect Jan. 1, 2026.
- **SB 69** – Allows OED to share Paid Leave Oregon benefit amounts with employers so they can better coordinate their employee's leave with their own leave policies. Supports clearer communication between employers and employees on return-to-work timelines. This bill takes effect Jan. 1, 2026.
- **SB 1148** – Stops insurers and employers from requiring that Paid Leave Oregon benefits must be used before workers can receive short-term disability benefits. This bill applies to policies offered, issued, or renewed on Jan. 1, 2026.

OED's Legislative Affairs Team would like to express our appreciation for the collaborative work of the department's entire legislative team, including subject matter experts, bill analysts, and agency executives who provided their knowledge and time over the course of the session. We also want to extend special thanks to OED's 2025 Budget and Legislative Coordination Teams. Their expertise, dedication, and contributions cannot be overstated.

OED continues working with the Legislature year-round. The agency maintains communication with legislators, provides education and outreach, implements legislation, and coordinates with internal divisions to identify policy issues to bring forward in the next legislative session. If you have any questions, or are interested in learning more about the legislative work performed by OED, please contact our Legislative Affairs Team at [OED\\_Legislative\\_Affairs@Employ.Oregon.Gov](mailto:OED_Legislative_Affairs@Employ.Oregon.Gov).

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# SECTION 1

## Measures followed by the Oregon Employment Department (OED) and passed during the 2025 Regular Legislative Session

As adopted in 1999, Oregon Revised Statute (ORS) 171.022 requires all legislative measures to take effect on Jan. 1 of the year following passage. Unless otherwise noted, the effective date for each measure listed below is Jan. 1, 2026. Alternatively, measures may include an emergency clause which ensures the measure is effective upon the Governor's signature or may include a requirement to become effective the 91st day following adjournment of session which in 2025, is Friday, Sept. 26, 2025.

### House Measures

#### [House Bill 2236](#): Professional Employer Organization (PEO) Client Reporting

#### Chapter 280 (2025 Laws)

Effective date Sept. 26, 2025.

House Bill (HB) 2236 modifies Unemployment Insurance (UI) laws administered by the Oregon Employment Department (OED) to:

- 1) Update terminology and definitions which relate to Professional Employer Organizations (PEOs) and the employers who hire them to perform services; and
- 2) Permit PEOs to file quarterly payroll reports and pay UI taxes on behalf of their clients as a whole or permit them to file clients individually.

Under current state laws, employers report payroll information and pay the required taxes or contributions on behalf of their clients via Oregon's Combined Payroll Reporting System. Although the basis of this system is the reporting and remitting of required withholdings from an employee's wages to the Department of Revenue (DOR), it is a system which is jointly administered by DOR, OED, and the Department of Consumer and Business Services. OED administers the UI and Paid Leave Oregon programs using the information and the amounts employers are required to report and pay using this system.

HB 2236 aligns current PEO reporting practices for OED under both UI and Paid Leave Oregon laws. HB 2236 codifies how PEOs are currently filing quarterly payroll reports and paying UI taxes on behalf of their clients using terminology consistent with existing practice. HB 2236 does not create any fiscal impact for OED.

Although not explicitly stated in the bill, the bill sponsor and proponents have repeatedly expressed that their legislative intent is for workers to be treated as employees of the same entity for both UI and Paid Leave Oregon purposes; therefore, Paid Leave intends to treat the PEOs the same way as expressed in this bill for UI.

## **House Bill 2271: Post Pandemic Employer Unemployment Insurance (UI) Tax Credit**

### **Chapter TBD (2025 Laws)**

Effective date Sept. 26, 2025.

House Bill (HB) 2271 provides a non-refundable tax credit to employers with a reduction to their Unemployment Insurance (UI) tax rate of 2.5 percentage points or more from calendar year 2024 to calendar year 2025 for the UI taxes they are expected to pay for the year. The amount of the credit is limited to no more than \$5,000 but no less than \$100.

In order for an employer to receive any credits, they must have:

- Had a tax rate assigned as of 2020;
- Filed all their quarterly payroll reports and paid all their UI tax liabilities in 2024 and 2025 in a timely manner; and
- Had no outstanding UI taxes and related liabilities, or other amounts due on a payment plan.

UI experience ratings for employers subject were “frozen” in Oregon from 2022 through 2024 in response to the COVID-19 pandemic. During the 2021 Legislative Session, the Legislature passed HB 3389, which included a variety of changes, both temporary and long-term, to ease the UI tax burden for employers as a result of the pandemic. Some of these changes included the temporary freezing of the “experience rating” used to determine each employer’s UI tax rate to what their experience ratings were before the pandemic began.

As OED noted at the time, while most employers benefitted from the passage of HB 3389, it was anticipated that some employers would pay more in UI taxes than they would have otherwise had to pay were it not for the legislation. These employers would have otherwise had lower UI experience ratings after 2021, and perhaps lower tax rates from 2022 to 2024, without HB 3389.

OED estimates that HB 2271 results in tax credits to approximately 1,100 employers and an impact to the UI Trust Fund of approximately \$1,215,291 in the 2025-27 biennium and \$59,884 in the 2027-29 biennium (\$1,275,175 total impact).

HB 2271 creates an administrative impact for OED, both in terms of workload and IT programming costs. OED will complete this work using existing resources.

## **House Bill 2548: Farmworker Labor Standards Study**

### **Chapter TBD (2025 Laws)**

Effective date Sept. 26, 2025.

House Bill (HB) 2548 requires governmental bodies, such as the Higher Education Coordinating Commission (HECC) and the Legislative Policy and Research Office (LPRO) in Oregon's Legislature, to report information to the Legislature about the following two respective studies related to farmworkers in Oregon:

- 1) Farmworker labor standards; and
- 2) Labor standards in the agricultural industry.

In order for these bodies to report the respective information, HB 2548:

- 1) Appropriates \$666,000 to HECC to fund Portland State University to perform a study, in consultation with Oregon State University, and requires the agency to submit three reports to the Legislature on the findings of the study by May 1, 2026, Sept. 1, 2026, and Dec. 1, 2026; and
- 2) Requires LPRO to coordinate with state agencies, including the Oregon Employment Department (OED), Bureau of Labor and Industries (BOLI), the Department of Consumer and Business Services (DCBS), and the Oregon Department of Agriculture (ODA) to conduct a study of information the agencies have available, including data collection and a literature review and provide a report to the Legislature no later than Sept. 15, 2026.

As part of the agricultural industry labor standards study, HB 2548 requires LPRO to:

- 1) Coordinate with OED to utilize data from Jan. 1, 2021, to Dec. 31, 2025, regarding:
  - The number of employers of farmworkers in this state;
  - The number of farmworkers who work on a seasonal basis versus farmworkers who work on a permanent basis, including any available data distinguishing farmworkers who are members of the employer's family from non-family members;
  - Farmworker wage data, including the number of farmworkers who are compensated on a piece-rate basis; and
  - The total number of farms that hired, and the total number of workers hired, under a temporary visa program for the purpose of performing agricultural labor.
- 2) Review existing state and federal laws and regulations that provide workplace protections and benefits to farmworkers including any applicable training and outreach requirements;



- 3) Perform an examination of how OED, BOLI, DCBS, and any other relevant state agencies coordinate with each other in administering policies and programs regarding farmworkers' rights and protections and carrying out enforcement mechanisms regarding such rights and protections;
- 4) Evaluate how the state agencies identified investigate and enforce a variety of workplace protection laws, administer the temporary visa program for purposes of performing agricultural labor on farms in this state (such as the H-2A program), and collect and apply agricultural employment practice survey data issued by the U.S. Department of Labor (U.S. DOL).

Under current law, OED performs the following functions included in this study related to agricultural industry labor standards, and farmworker rights and protections in Oregon:

- Processing Unemployment Insurance (UI) and Paid Leave Oregon claims on behalf of agricultural workers and issuing benefit payments to eligible workers;
- Ensuring Migrant Seasonal Farmworkers (and H-2A workers) and their employers are aware of workplace standards and housing requirements in place for these workers;
- Referring any formal complaints or apparent violations of these workplace standards to the appropriate state and federal agencies (including BOLI, DCBS, and the U.S. DOL);
- Relying on state laws relating to legal standards for wrongful terminations in all workplaces in Oregon, including but not limited to agricultural workplaces, to reach UI benefit eligibility determinations; and
- Ensuring that all employers in Oregon, including but not limited to employers of agricultural workers, are in compliance with quarterly reporting and contribution requirements for both the UI and Paid Leave Oregon programs.

Of the above-noted data elements which LPRO would have been required to coordinate with OED, the department currently only has access to data on the hours worked and wages earned by agricultural workers as reported via the Combined Payroll Tax Reporting System by employers subject to current UI or Paid Leave Oregon laws. Under existing laws, OED is permitted to share de-identified and aggregated wage data and regularly shares this information with other governmental bodies via the agency's Workforce and Economic Research Division without cost.

Additionally, all employers in Oregon subject to current UI and Paid Leave Oregon laws, including some but not all agricultural employers, are required to share information in their workplaces about workers' rights to access both respective benefit programs. OED ensures information about both programs is publicly accessible and staff working for each respective program are trained to share information about eligibility criteria with applicants. Staff in OED's Workforce Operations Division who work in WorkSource Oregon offices are also trained to refer workers who need information or assistance

about UI or Paid Leave Oregon benefits to each respective program. OED shares information about these programs for free.

Lastly, there are elements of the study LPRO would be required to perform that relate to functions performed by OED that support agricultural workers and the enforcement of their workplace protections. OED's Workforce Operations Division is the section of the agency responsible for ensuring Migrant Seasonal Farmworkers (and H-2A workers) and their employers are aware of workplace standards and housing requirements in place for these workers, and for referring any complaints or apparent violations of workplace standards for these workers to the appropriate state and federal agencies. These functions are also performed by OED for free.

HB 2548 requires the specified state agencies to share currently available data "to the furthest extent possible based on existing allocated funding." Therefore, because OED already provides information about existing data and services provided by the agency for free, it does not appear HB 2548 creates any impact for the agency. OED may need to absorb any additional workload using its existing resources.

### **House Bill 2800: Workers' Compensation PEO Definition Updates**

#### **Chapter 78 (2025 Laws)**

Effective date Sept. 26, 2025.

House Bill (HB) 2800 updates terminology and definitions under Workers' Compensation laws administered by the Department of Consumer and Business Services (DCBS) that relate to Professional Employer Organizations (PEOs) and their clients.

While HB 2800 replaces terminology for "Worker Leasing Company" with "Professional Employer Organization," it does not change the licensing requirements under existing Workers' Compensation law for these organizations or their reporting relationship with DCBS. HB 2800 aligns current practice with DCBS and Workers' Compensation laws by continuing to allow the PEO to pay based on all the clients, unless the PEO client employer has provided proof of coverage to DCBS.

While HB 2800 does not create any impact for OED, PEOs report payroll information and pay the required taxes or contributions on behalf of their clients via Oregon's Combined Payroll Reporting System under current law. Although the basis of this system is the reporting and remitting of required withholdings from an employee's wages to the Department of Revenue (DOR), it is a system that is jointly administered by DOR, the Oregon Employment Department (OED), and DCBS. OED administers the Unemployment Insurance (UI) and Paid Leave Oregon programs using the information and the amounts employers are required to report and pay using this system.

HB 2800 updates terminology and definitions that OED has historically relied on in part, as a basis, for reporting requirements for PEOs and their clients in the administration of the UI and Paid Leave Oregon programs. HB 2800 does not change any provisions under the laws OED administers for these programs. Another measure passed this session, HB 2236, made changes to the laws OED administers for these programs and aligns the current practice with OED as well as UI and Paid Leave Oregon laws.

### **House Bill 3021: Employment Department Housekeeping Bill**

#### **Chapter 43 (2025 Laws)**

Effective date Sept. 26, 2025.

House Bill (HB) 3021 is one of several bills the Oregon Employment Department (OED) requested this session to align administration of our programs.

HB 3021 makes some straightforward updates to the two chapters of law we administer, Oregon Revised Statutes (ORS) chapters 657 and 657B, including:

- Removing all references to the Office of Child Care, which hasn't been part of OED since 2013, and replacing them with the Paid Leave Oregon program, which OED has been charged with administering since 2019.
- Ensuring statutory language under both chapters is consistent with existing terminology in other Oregon laws.
- Establishing a safeguard for our administration of the Unemployment Insurance program and other federal programs to ensure any future changes to ORS Chapter 657 that do not conform with federal law will not have any force or effect.

HB 3021 aligns OED's administration of our programs, is consistent with existing terminology, and reduces risk. All the changes made by HB 3021 are consistent with how OED is already administering its programs and, therefore, will not cost anything to implement.

### **House Bill 3022: Other Agency Data Sharing for Employment Department Programs**

#### **Chapter 27**

**Effective date: Sept. 26, 2025**

House Bill (HB) 3022, which was introduced by the Oregon Employment Department, authorizes the Department of Revenue (DOR), Department of Justice's (DOJ) Division of Child Support, and the Department of Corrections (DOC) and county jails to share specific information for the purpose of administering Paid Leave Oregon and Unemployment Insurance (UI) programs at the Oregon Employment Department (OED). HB 3022 has the following main components:

1. Allows OED to conduct joint audits with DOR for employers' combined quarterly payroll reports and share information;
2. Authorizes DOR to automatically share self-employment income information with OED;
3. Enables DOR to share income information reported by employers on Form W-2 and Form 1099 with OED;
4. Authorizes DOJ Division of Child Support to share information about employees recently hired in Oregon with Paid Leave Oregon; and
5. Allows DOC and county jails in Oregon to report defendant information to OED for the purpose of administering Paid Leave Oregon.

The passage of HB 3022 will allow greater information sharing between OED and other state agencies to better administer our program, particularly for Paid Leave Oregon. It will help OED decide if an individual is eligible for Paid Leave Oregon benefits as well as assess compliance with administrative rules. Additionally, it will help prevent OED customers from being overpaid benefits and enhance the integrity of the respective trust funds.

A version of this bill was previously introduced during the 2023 Legislative Session as HB 2290. HB 2290 did not move forward due to concerns raised by DOR about potential fiscal impacts. HB 3022 addressed these concerns by excluding the provisions that would have negatively impacted DOR.

### **House Bill 3024: Removal of Eight Week Reduction to UI Benefits due to Disqualification**

#### **Chapter 382 (2025 Laws)**

**Effective date: September 26, 2025**

HB 3024, introduced by the Oregon Employment Department (OED), modifies a law administered by the department to remove a secondary penalty imposed on individuals disqualified from receiving Unemployment Insurance benefits.

Under current law, when a person is fired for misconduct, quits their job without good cause, refuses a job without good cause, or fails to apply for suitable work, they are disqualified from Unemployment Insurance benefits. To requalify for benefits, they must go back to work and earn four times their weekly benefit amount. However, disqualified claimants who requalify for UI benefits currently receive a penalty of eight times their weekly benefit amount (usually equivalent to eight weeks of benefits) due to their previous disqualification. This means that instead of being able to receive up to 26 weeks of benefits in a 52-week period, affected individuals would only be eligible to receive 18 weeks during the same timeframe.

HB 3024 removes the eight-week penalty for previously disqualified individuals. This will reduce administrative complexity, and OED estimates that approximately 1,200 people will get their benefits or eligibility decision about three weeks faster. OED estimates HB 3024 will reduce the UI Trust Fund by about \$1.3 million in the 2025-27 biennium.

### **House Bill 5006: End of Session Omnibus**

#### **Chapter TBD (2025 Laws)**

**Effective date: June 27, 2025**

SB 5006 is the omnibus budget reconciliation bill for the 2025 session. The measure appropriates state agencies' 2025-2027 legislatively adopted budgets. The bill includes a long list of funding appropriations and expenditure limitations to several state agencies, including the Oregon Employment Department.

### **House Bill 5007: OED Budget Bill**

#### **Chapter TBD (2025 Laws)**

**Effective date: July 1, 2025**

House Bill (HB) 5007 provides budgetary authority for the Oregon Employment Department (OED) to carry out its mission to support business and promote employment. HB 5007 provides OED with a total budget of \$4,591,125,858 and 1,937 positions (1,921.37 FTE), including the OAH budget of \$42,784,250 and 122 positions (120.88 FTE) for the 2025-27 biennium. The OAH is funded entirely by Other Funds revenue, charging fees to support its services.

Key policy packages approved by the legislature for the 2025-27 biennium under HB 5007 include:

1. A \$10.3 million expenditure limitation in Other Funds and \$5.1 million expenditure limitation in Federal Funds to support modernization of information and business systems in the Workforce Operations Division (Package 101);
2. Vendor costs associated with maintenance of the Frances Online system and addition of 10 Operations and Policy Analyst positions to plan and test Frances Online maintenance and programming changes and add capacity for language translation and customer support materials (Package 102);
3. Addition of one permanent position and 10 limited duration positions to administer Workforce Innovation and Opportunity Act reemployment and training services in Jackson and Josephine Counties through a fee-for-service contract with Rogue Workforce Partnership (Package 103);



4. Establishment of eight permanent positions and nine limited duration positions in the Contributions and Recovery Division to address workload demands and resolve backlogs, and establishment of two administrative positions; (Package 105); and
5. Increased Other Funds expenditure limitation for wage differentials and temporary workers to support improved customer service delivery and address seasonal workload fluctuations.

## Senate Measures

### **Senate Bill 69: Paid Leave Oregon 2025 Omnibus**

#### **Chapter 85**

**Effective date: Sept. 26, 2025**

Senate Bill (SB) 69 was developed by a bipartisan workgroup of business and labor advocates. The bill makes the following administrative and technical changes to Paid Leave Oregon and the Oregon Family Leave Act (OFLA):

1. Specifies that the Bureau of Labor and Industries (BOLI) is responsible for the administrative rules and oversight of job protection, retaliation, and discrimination provisions within Paid Leave Oregon.
2. Pauses the statute of limitations period for filing a complaint with BOLI if the claimant files an appeal within Paid Leave Oregon until after a final decision has been issued.
3. Defines child for purposes of protected leave from work for OFLA.
4. Permits the employee to begin OFLA leave without prior notice if due to closure of the employee's child's school or child care provider due to a public health emergency.
5. Permits Paid Leave Oregon to disclose the benefit amount for the employee with the employer so they can calculate full wage replacement.
6. Allows the employer to require that the employee receive certification from the employee's health care provider that the employee is able to resume work before restoring the employee from Medical Leave absence within Paid Leave Oregon.
7. Permits use of statutory sick time for any qualifying purpose within Paid Leave Oregon.
8. Makes exception to OFLA eligibility requirements for employees based in Oregon who are subject to federal regulations as airline flight crew employees.

### **Senate Bill 143: Increase to Administrative Funding for the Employment Department**

#### **Chapter 462 (2025 Laws)**

**Effective date: Sept. 26, 2025**

Senate Bill (SB) 143 makes two important changes to the law relating to the Supplemental Employment Department Administrative Fund (SEDAF):

- 1) Increases the percentage of money diverted to SEDAF from Unemployment Insurance (UI) payroll taxes paid by subject Oregon employers from 0.109% to 0.135%; and
- 2) Modifies the methodology for how much money can be retained in SEDAF at the end of each biennium from being based on a snapshot in time in the past to three months of limited funds in the Oregon Employment Department's (OED) legislatively approved budget (excluding funding for the Paid Leave Oregon program and the Office of Administrative Hearings).

Under current law, SEDAF can only be used by OED for the payment of expenses of administration of Unemployment Insurance (UI) and other federal programs for which federal funding has been reduced, eliminated or otherwise is not available. OED can only use SEDAF to pay for these expenses as approved by the Legislature. SB 143 does not change these safeguards.

The changes SB 143 makes to both the diversion rate and methodology for transferring excess funds will help OED be better prepared during recessions or other economically challenging times and significantly reduce the risk that Oregonians will experience a loss in customer service as a result. OED believes that these changes ensure the department will have enough resources to maintain our current customer service levels as well as ensure Oregon is better prepared for economic downturns in the future.

While changing the SEDAF percentage creates a proportionate reduction to the UI Trust Fund, OED estimates that this will not impact the solvency of the fund and that it will not cause any change to projected UI tax schedules. Therefore, OED does not believe that increasing the diversion percentage poses any risk to increase UI taxes for employers in the foreseeable future.

OED estimates that SB 143 will provide approximately \$38 million in additional administrative revenue for the 2025-27 biennium, and \$42 million for the 2027-29 biennium. The increase in funding will help support OED's ability to administer UI and other federally funded programs and maintain the agency's current level of customer service to Oregonians. Also, changing the methodology for reverting excess funds helps OED retain a more sufficient amount of operating capital at the end of each biennium. Implementing these changes does not create any administrative impact for OED.

## **Senate Bill 858: Paid Leave Oregon Various Changes & Technical Fixes**

### **Chapter 93**

**Effective date: Sept. 26, 2025**

Senate Bill (SB) 858, introduced by the Oregon Employment Department, improves and simplifies Paid Leave Oregon's services for workers and their employers and would further

align the Paid Leave Oregon and Unemployment Insurance programs. SB 858 touches on several different policy areas within the Paid Leave Oregon program – benefits, appeals, and equivalent plans – to provide clarification and assist OED in administering the program more efficiently.

SB 858 does the following:

- Clarifies that a covered individual does not qualify for Paid Leave Oregon benefits when receiving benefits under any state or federal law that provides wage-replacing unemployment compensation.
- Clarifies that if a covered and qualifying individual becomes incapacitated or dies before applying for Paid Leave Oregon benefits, their application or other necessary information can be provided by another person.
- Allows OED to provide information about a Paid Leave Oregon benefit claim, as necessary to pay benefits, to a person it has found represents the claimant when the claimant is incapacitated or has died.
- Aligns Paid Leave Oregon and the Unemployment Insurance program by clarifying that OED, employers, and employees can be represented by non-attorneys at the Office of Administrative Hearings when participating in appeals of Paid Leave Oregon decisions.
- Clarifies that contributions must be paid to OED for any quarters before the approval date of the equivalent plan.

SB 858 takes effect on Sept. 26, 2025. The section of wage replacement benefits takes effect on Jan. 1, 2026.

## **Senate Bill 859: Paid Leave Oregon Employer Penalties and Interest Waiver**

### **Chapter 94**

**Effective date: Sept. 26, 2025**

Senate Bill (SB) 859, introduced by the Oregon Employment Department, permits the Oregon Employment Department (OED) to waive, reduce, or compromise any part of or all the interest or penalty charged for delinquent debts for the Paid Leave Oregon program.

The change in law would align how OED recovers delinquent Paid Leave Oregon employer contribution debt with how it recovers delinquent Unemployment Insurance taxes.

Employer debts owed to Paid Leave Oregon currently include monetary penalties and interest for delinquent contributions, Equivalent Plan (EP) application fees, and employer assistance grant repayments, as well as any civil penalties for misrepresentation. SB 859 permits the waiver of penalties and interest for all these types of debt.

SB 859 applies retroactively to debts incurred by employers on or after Jan. 1, 2023, for contributions, interest, and penalties.

## **Senate Bill 916: UI Benefits for Striking Workers**

### **Chapter 432**

**Effective date: Jan. 1, 2026**

SB 916 allows workers who are unemployed due to a labor dispute to receive Unemployment Insurance (UI) benefits after the first week of a strike if otherwise eligible. Striking workers are disqualified from benefits for the first week of a strike. During the second week of the strike, striking workers may receive waiting week credit or benefits if they have already served their waiting week. If the tax schedule in effect is Fund Adequacy Percentage Ratio I, II, III, or IV, workers will be eligible for up to 10 weeks of benefits. If the tax schedule in effect is Fund Adequacy Percentage Ratio V, VI, VII, or VIII, workers will be eligible for up to eight weeks of benefits.

The bill allows employers who offer back pay to resolve a strike to reduce that back pay to reflect the amount of benefits that an employee received. It requires that benefits charged to a school district count toward that employee's total compensation.

If an individual receives back pay to resolve a strike and benefits are not deducted from that pay, the individual's unemployment insurance benefits will be considered a non-waivable overpayment, and that individual will be required to repay the benefits they received to the Unemployment Compensation Trust Fund.

Strike activity varies greatly from year to year, and OED emphasized to legislators that it is very difficult to estimate what the exact impact of SB 916 will be on the UI Trust Fund and reimbursing employers. However, the agency estimated the impact of the bill by analyzing the past decade of strike activity and sharing what the impact this bill would have assuming similar levels of strike activity. Looking at averages over a 10-year time frame, OED estimated that the loss to the trust fund over the 2025-2027 biennium, including interest, from taxpaying employers would be approximately \$2.6 million. For reimbursing employers, the agency estimated a cost of approximately \$2.1 million over the 2025-2027 biennium. This estimate assumes an average strike duration of 8.6 weeks, 888 employees on strike each week, with 100% of employees eligible for benefits, and approximately 45% of payments coming from reimbursing employers and 55% from taxpaying employers. It is important to note that OED is unable to predict changes in striking or bargaining behavior that may result from passage of SB 916.

Of note, the passage of SB 916 makes Oregon the first state to allow public sector workers to collect unemployment insurance benefits while on strike.

### **Senate Bill 1148: Disability Benefit Payment Sequence**

#### **Chapter 245**

**Effective date: Jan. 1, 2026**

SB 1148 prohibits short-term disability income insurers from requiring a person to use or apply for Paid Leave Oregon prior to being eligible for short-term disability benefits offered by the insurer.

The Paid Leave Oregon statute does not require individuals to apply for Paid Leave before applying or receiving benefits from a short-term disability plan. However, some insurance carriers have put in their plans that if leave is available to be paid by another program, the employee must use that program first before receiving short-term disability payments. This has resulted in some people who would prefer to use their Short-Term Disability (STD) plan needing to apply for Paid Leave and wait for a denial in order to get benefits from their STD plan. This bill was introduced by labor advocates because these requirements were slowing down short-term disability claimants' ability to learn about or receive short-term disability benefits they were entitled to.

This bill has no impact on OED, but it will allow individuals to use their short-term disability benefits without needing to apply for Paid Leave first. It does not prohibit short-term disability providers from offsetting or reducing short-term disability payments based on a claimant's actual or expected Paid Leave benefits.



## SECTION 2

Other measures followed by OED but were not passed during the 2025 Regular Legislative Session

### House Measures

#### **House Bill 2125: Expansion of Authority to Waive the UI Waiting Week**

House Bill (HB) 2125 would have authorized the director of the Oregon Employment Department (OED) to waive the week workers who file for Unemployment Insurance (UI) are required to claim but “wait” before they can receive their first UI benefit payment (also known as the waiting week) in the case of a state-declared emergency related to severe weather.

Under current law, only the Governor has the authority to waive the waiting week in the case of any state-declared emergency for UI claimants that reside within the geographic area of the proclamation. HB 2125 would have extended this authority to OED’s director but only in the case of emergencies declared as a result of severe weather.

Additionally, the UI Trust Fund would not have been impacted by all UI claimants receiving a benefit payment in lieu of waiting the week. Since HB 2125 would not have changed the maximum number of weeks UI are claimants are eligible to receive in the year following the filing of their claim, 26 weeks, UI claimants unable to return to work within this time frame would still ultimately end up receiving the same amount in UI benefits as they would have without passage of the bill.

After the bill was passed in the chamber of the House and a public hearing was held in the Senate Labor and Business Committee, a work session was not held and the bill remained assigned to the committee upon adjournment.

#### **House Bill 2188: Repeal of Paid Family and Medical Leave Insurance Program**

HB 2188 would have repealed the Paid Leave Oregon program. It would have redistributed unexpended dollars in the Paid Leave Oregon Trust Fund to the State Highway Fund for the Interstate 5 Rose Quarter Project and the Interstate 205 Abernathy Bridge Project.

This bill would have had a significant impact on the Oregon Employment Department, effectively requiring OED to dismantle the Paid Leave Oregon program. However, there was no public hearing nor work session on the bill and it remained assigned to the House Labor and Workplace Standards Committee upon adjournment.

### **House Bill 2198: No UI Benefits for “non-professional” school employees**

HB 2198 would have repealed a law passed in 2023 ([SB 489](#)) that allowed non-professional educational workers to collect unemployment insurance during break periods. The bill would have restored a previous law that disqualified most non-professional school employees from receiving UI benefits during breaks or recess periods if they had reasonable assurance to return to work after the break period. HB 2198 would have continued allowing janitorial workers, cafeteria workers, early intervention staff, and pre-kindergarten staff to receive UI benefits as long as they met all other UI eligibility requirements.

If HB 2198 had passed, OED would have had to disqualify non-professional educational workers claiming UI benefits as it had prior to 2024. However, the bill did not receive a hearing or a work session and it remained assigned to the House Labor and Workplace Standards Committee upon adjournment.

### **House Bill 2711: UI Benefits for Gig Economy Workers**

HB 2271 would have established the Emergency Benefits for Independent Contractors Program within the Oregon Employment Department to provide benefits to unemployed independent contractors during a governor-declared state of emergency. House Bill (HB) 2711 would amend Oregon Revised Statutes (ORS) 657 to include benefits for independent contractors who have lost work during a state of emergency declared by the governor referred to as the Emergency Benefits for Independent Contractors Program. For individuals to be eligible for Emergency Benefits, the following conditions would have had to be in place:

- The Governor declares a state of emergency (ORS 401.165)
- The individual meets the requirements to be an independent contractor (ORS 670.600)
- They are “unemployed” due to the declared emergency (ORS 657.100)
- They are not eligible for unemployment insurance benefits, or any state or federal program
- They have registered and made quarterly payments the two calendar quarters preceding the emergency
- They have filed a valid claim for benefits

HB 2711 states that the payments by registered individuals will be deposited into a distinct Emergency Benefits for Independent Contractors Fund that is separate from the General Fund. The Emergency Benefits for Independent Contractors Program would be funded through a quarterly tax paid by the independent contractor, as well as any recovered overpayments and the associated monetary penalties and interest accrued by the program. HB 2711 indicates that in addition to quarterly tax payments made by independent contractors, money may be appropriated to the fund by the Legislature.

HB 2711 would have had a significant impact on the Oregon Employment Department. OED anticipated large start-up costs, as the agency would potentially need to seek a vendor solution to pay benefits. Funding to create and start the program would have also needed to be appropriated by the legislature. In addition, the operative date of Jan. 1, 2027, would have allowed OED less than two years to fund and build the new benefit program. An aggressive timeframe to complete the work would likely require about three years.

A similar bill, HB 2302, was introduced during the 2021 regular session. This bill proposed a worker-funded program to pay emergency benefits during a state of emergency declared by governor to unemployed independent contractors on terms similar to terms under which employees receive regular benefits.

HB 2711 did not receive a hearing or a work session and it remained assigned to the House Labor and Workplace Standards Committee upon adjournment with a subsequent referral to Ways and Means.

### **House Bill 2746A: Job Listing Enhancements**

House Bill (HB) 2746A would have required:

- 1) Employers and employment agencies to make available in job postings the wage or wage range, a general description of the employment benefits, and any other compensation associated with the employment opportunity; and
- 2) The Bureau of Labor and Industries (BOLI) to take action to enforce the inclusion of the required pieces of information in the job postings including but not limited to letters of expectation or education, and monetary penalties.

Under the existing law, an “employment agency” includes any person undertaking to procure employees or opportunities to work. Through its administration of Oregon’s labor exchange, iMatchSkills, the Oregon Employment Department (OED) does exactly this. Many unemployed Oregonians, including but not limited to UI claimants, most of whom are required to register for work in iMatchSkills, use it to look for work.

While the pieces of information which HB 2746A would require are already included in some of the job postings available in iMatchSkills or could be manually entered at the time a new posting is listed, a large percentage of job postings administered by OED are externally sourced and transmitted through automated job feeds.

Therefore, because OED does not have control over what information is provided via the automated feeds, the introduced version of the bill would have required OED to be subject to BOLI enforcement actions unless OED opted to no longer include these postings in the labor exchange. Excluding the automated listings from iMatchskills would have significantly reduced the number of postings available to Oregonians who are looking for work and would reduce OED’s ability to connect them with more employers than they otherwise would be able to on their own.

OED shared its concerns about the potential impact of the introduced version of the bill with the sponsors prior to the bill passing out of committee and an amendment was adopted to exclude OED from the definition of “employment agency” for the purpose of the bill.

After HB 2746A passed out of the House Labor and Business Committee with a “do pass” recommendation, it was referred to the Joint Ways and Means Committee where it remained upon adjournment.

### **House Bill 2972: Expansion of Adults in Custody Reentry Program**

House Bill (HB) 2972 would have appropriated \$3 million in General Fund to the Oregon Employment Department (OED) for staffing workforce reentry programs for adults in custody delivered through the WorkSource Oregon system.

Through a partnership with a local Workforce Investment Board, East Cascade Works, and the Department of Corrections (DOC), OED has recently been providing on-site re-employment services to inmates at the Deer Ridge Correctional Institution and the Warner Creek Correctional Facility for a limited period of time. While only limited data is available about the results of this program, anecdotal reports and a review of initial results indicate that the program is a success.

Had HB 2972 been passed into law, OED would have used the funding to expand the program to establish micro-WorkSource Oregon centers inside other adult correctional facilities across Oregon. Passage of HB 2972 would have helped a greater number of former adults in custody prepare for re-entry into the workforce and potentially find work upon release. However, OED believes HB 2972 would have provided a greater benefit to Oregon as a whole because the reemployment services provided by the department help workers find jobs they are best suited to perform long term, and research indicates that finding and keeping a job is crucial for formerly imprisoned people to minimize the risk they will reoffend in the future.

After a public hearing and work session were held in the House Business and Labor Committee, HB 2972 was referred to the Joint Ways and Means Committee with a “do pass” recommendation where it remained upon adjournment.

### **House Bill 3043A: Teacher Workforce Data System**

House Bill (HB) 3403A would have required the Oregon Department of Education (ODE), the Oregon Employment Department (OED), the Teacher Standards and Practices Commission (TSPC), the Higher Education Coordinating Commission (HECC), and the Educator Advancement Council to establish a statewide educator workforce data system. The stated purpose of the system would be to:

- 1) Generate timely, accessible and actionable information on the educator workforce;  
and

- 2) Assist with the recruitment, preparation, hiring and retention of a high-quality, well-prepared and well-supported educator workforce that supports students from all demographics in this state.

HB 3403A would have required the agencies to collaborate in support of generating a biennial educator workforce report and administering a statewide educator workforce jobs website. As OED understands, had HB 3403A been passed into law, the Oregon Longitudinal Data Collaborative (OLDC) at HECC would need to have gathered the information required for the biennial report based on contributions from the other agencies involved, and ODE would have hosted the jobs website (based the pre-existing architecture, data, and dashboard previously established by TSPC). OED's Workforce and Economic Research Division would have contributed information about educator workforce pay in relation to local economic conditions and projections of future workforce demands.

After a public hearing and work session were held in the House Rules Committee, the committee adopted an amendment and HB 3403A was referred to the Joint Ways and Means Committee with a "do pass" recommendation where it remained upon adjournment.

#### **House Bill 3491: Paid Family and Medical Leave Insurance Program Study**

The introduced version of House Bill (HB) 3491 originally required the Oregon Employment Department (OED) to study issues related to the Paid Leave Oregon program and submit a report to the interim committees of the Legislative Assembly related to business and labor by Sept. 15, 2026.

The bill was amended multiple times. The latest amendment would have required OED to develop the following reports:

1. *A report on job and retaliation protections for partial-day leave.* This report would be done in collaboration with BOLI and would need to provide recommendations on statutory changes that would allow for job and retaliation protections for partial-day leave taken under the leave provisions of Chapter 657B and continued protection for employees whose employers are not covered by unpaid leave.
2. *A strategic plan and report on allowing partial-day Paid Leave.* This plan and report would need to analyze the costs and feasibility of implementing partial-day leave and impacts to OED's information systems for three different timelines, including a three-year timeline, a five-year timeline, and a 10-year timeline. The report would also need to analyze the impacts to businesses covered by the predictive scheduling provisions in ORS Chapter 653.
3. *A report on repealing the Oregon Family Leave Act (OFLA) and moving provisions under Paid Leave.* This report would be done in collaboration with BOLI and would analyze the practical and financial implications of consolidating the unpaid leave currently available under OFLA under Paid Leave Oregon. The report would also need



to explore how Paid Leave Oregon could better operate in concurrence with leave under FMLA.

4. *A model leave guidance document that employers must distribute.* This guidance document would be developed in collaboration with BOLI and would need to summarize the leave available to employees under the Paid Leave Oregon statute. Employers would be required to provide each employee this guidance document.

Changing the minimum leave increment for Paid Leave Oregon benefits from workdays to something smaller than a workday has been discussed several times previously. It is a change that employee representatives have indicated is important to them, since it allows employees more flexibility in their use of leave, especially since leave available under OFLA was substantially reduced during the 2024 Legislative Session (SB 1515). Some employers also support the change, since it would allow for easier coordination of leave with FMLA and may help keep workers from missing a full day of work in certain situations. This topic was considered in the [Paid Leave Programmatic Changes Report \(page 20\)](#) drafted as part of the implementation of [SB 1515 \(2024\)](#).

The Paid Leave Oregon division determined that all work associated with the bill could be absorbed with current resources, but some current work may need to be paused to complete the reports and model guidance within the required timeframe. However, HB 3491 did not receive a work session and it remained assigned to the House Labor and Workplace Standards Committee upon adjournment.

OED is going to produce the following reports to further the policy conversation related to partial day of Paid Leave:

1. *A report on partial-day Paid Leave to be completed by Fall 2025.* This report will include what other Paid Leave states do for partial days, OED's recommendations for how partial days would work best in Oregon, the time it would take to program the system, and an estimated timeframe of when OED thinks the transition could potentially occur.
2. *A report on consolidating OFLA into Paid Leave Oregon by December 2026.* This report would be done in collaboration with BOLI and would analyze the practical and financial implications of consolidating the unpaid leave currently available under OFLA under Paid Leave Oregon. The report would also need to explore how Paid Leave Oregon could better operate in concurrence with leave under FMLA.

### **House Bill 3810: Agricultural Employer Tax Credit**

House Bill (HB) 3810 would have created an income or corporate excise tax credit for business entities in Oregon who employ farmworkers.

As part of the certification process for the credit, the Oregon Employment Department (OED) would need to have provided written certification of eligibility for these employers before the employer could claim the credit.

Given that certifying eligibility for tax credits based on employment is not a function OED has the capacity to perform without funding and no funding source was identified in the bill, a dedicated funding source would need to have been identified prior to the passage of 3810 into law.

After HB 3810 was introduced, it was assigned to the House Revenue Committee for consideration but the committee held no public hearings or work session on the bill where it remained until adjournment.

### **House Bill 3830: Public Benefit Protections for Non-Citizens**

The introduced version of House Bill (HB) 3830 would have amended state immigration laws to prohibit a person's immigration or citizenship status from affecting their eligibility to obtain a license from the state to do a job or to receive some state benefits.

This version of the law created potential conformity issues with federal law, which requires the Oregon Employment Department (OED) to deny benefits if a person seeking unemployment insurance benefits is not authorized to work in the United States.

An amendment was proposed that, by removing the section of the bill that allows individuals not lawfully present in the United States to receive public benefits, would also have removed the potential impact to OED's Unemployment Insurance program.

However, HB 3830 did not receive a work session and it remained assigned to the House Commerce and Consumer Protection Committee upon adjournment.

## **Senate Measures**

### **Senate Bill 21: Tax Credit for Foster Child Employment**

Senate Bill (SB) 21 would have created an income or corporate excise tax credit for business entities in Oregon who employ foster children or former foster children.

As part of the certification process for the credit, the Oregon Employment Department (OED) would need to have provided written certification of eligibility for these employers before the employer could claim the credit.

Given that certifying eligibility for tax credits based on employment is not a function OED has the capacity to perform without funding and no funding source was identified in the bill, a dedicated funding source would need to have been identified prior to the passage of SB 21 into law.

After SB 209 was introduced, it was assigned to the Senate Finance and Revenue Committee for consideration and a public hearing was held but the committee held no work session on the bill where it remained until adjournment.

#### **Senate Bill 209: Tax Credit for Youth Employment**

Senate Bill (SB) 209 would have created an income or corporate excise tax credit for business entities in Oregon who employ eligible youths participating in the Higher Education Coordinating Commission (HECC)'s Oregon Youth Employment Program.

As part of the certification process for the credit, the Oregon Employment Department (OED) would need to have provided written certification of eligibility for these employers before the employer could claim the credit.

Given that certifying eligibility for tax credits based on employment is not a function OED has the capacity to perform without funding and no funding source was identified in the bill, a dedicated funding source would need to have been identified prior to the passage of SB 209 into law.

After SB 209 was introduced, it was assigned to the Senate Finance and Revenue Committee for consideration, but the committee held no public hearings or work session on the bill where it remained until adjournment.

#### **Senate Bill 748: Drug Testing Requirements for UI Claimants**

Senate Bill (SB) 748 would have allowed OED to require individuals filing an initial claim for Unemployment Insurance to submit to a drug test if:

- 1) An individual was terminated from their most recent employer for unlawful use of controlled substances, or;
- 2) If suitable work is available for the individual only in an occupation that regularly conducts drug testing.

An individual who failed a drug test administered under the provisions of this bill may have been disqualified from receiving UI benefits. Disqualification under these provisions would have lasted until the individual met the requirements of Oregon Revised Statutes (ORS) 657.176 (2) and passed another drug test administered under the provisions of this bill.

SB 748 prohibited OED from charging the individual for the cost of the drug test or deducting the cost from UI benefits and required the department to cover the cost of testing. As the funding currently used to administer the UI program would have to be redirected to pay for the cost of the drug testing, doing so would require cutting resources from other aspects of administering the UI program.

If passed, drug testing required by the bill would have been contracted out to a laboratory to provide testing and results. OED estimated each test would be between \$50 to \$110 depending on the test. Using these estimates, the administrative cost could have been \$1,264,250 to \$2,781,350 per biennium.

OED estimated that SB 748 would create a revenue impact to the UI Trust Fund of approximately \$8.4 million in the 2024-27 biennium and \$9.6 million in the 2027-29 biennium.

SB 748 did not receive a work session and it remained assigned to the Senate Labor and Business Committee upon adjournment.

### **Senate Bill 1166A: Workplace Protections for Transportation Network Company Drivers**

Senate Bill (SB) 1166A would have created a variety of new requirements for transportation network companies relating to protections for the workers driving cars on behalf of these companies. The bill would have required these protections to be enforced by the Bureau of Labor and Industries and therefore would not have impacted the Oregon Employment Department (OED) directly.

SB 1166A would not have required any changes to eligibility criteria for either the Paid Leave Oregon or Unemployment Insurance (UI) programs. However, had SB 1166A been passed into law, OED would have factored any changes to workplace protections for these drivers into employer subjectivity and worker benefit eligibility determinations for these programs.

After a public hearing and work session were held in the Senate Labor and Business Committee, SB 1166A was referred to the Senate Rules Committee without recommendation as to passage. After the Senate Rules Committee also held a public hearing and a work session and adopted an amendment, SB 1166A was referred to the Joint Ways and Means Committee with a “do pass” recommendation where it remained upon adjournment.

### **Need help?**

This information is vital. The Oregon Employment Department (OED) is an equal opportunity agency. OED provides free help so you can use our services. Some examples are sign language and spoken-language interpreters, written materials in other languages, large print, audio, and other formats. To get help, please call 503-9471794 (toll free). TTY users call 711. You can also send an email to [Language@employ.oregon.gov](mailto:Language@employ.oregon.gov).

### **¿Necesita ayuda?**

Esta información es vital. El Departamento de Empleo de Oregon (OED) es una agencia de igualdad de oportunidades. El OED proporciona ayuda gratuita para que usted pueda utilizar nuestros servicios. Algunos ejemplos son intérpretes de lengua de señas e idiomas hablados, materiales escritos en otros idiomas, letra grande, audio y otros formatos. Para obtener ayuda, por favor llame al 503-947-1794 (gratuito). Usuarios de TTY pueden llamar al 711. También puede enviar un correo electrónico a [Language@employ.oregon.gov](mailto:Language@employ.oregon.gov).



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