



Electronic Alert

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HB 3205 Seeks to Exempt Hiring & Retention Bonuses from Oregon Pay Equity Requirements

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On March 13, 2023, the Oregon Legislature’s Business and Labor Committee held a public hearing to consider HB 3205, which would modify the definition of “compensation” for purposes of pay equity requirements, to exclude hiring bonuses and retention bonuses.

Currently, the definition of “compensation” under Oregon’s Equal Pay Act includes wages, salary, bonuses, benefits, fringe benefits, and equity-based compensation. This means an employer may only offer hiring or retention bonuses in two situations: if all employees performing work of comparable character receive the same bonus, or if the reason for the pay difference is based on one of the bona fide factors provided in the law.

HB 3205 aims to exempt hiring bonuses offered to prospective employees and retention bonuses offered to existing employee from pay equity considerations. This bill mirrors the Oregon legislature’s move during the pandemic to temporarily exempt hiring and retention bonuses from Oregon’s Equal Pay Act—allowing businesses the ability to pay these bonuses to address pandemic-related workforce challenges. That temporary exemption was in place until September 28, 2022. HB 3205 seeks to make that temporary exemption permanent.

If passed, HB 3205 will provide Oregon employers with greater flexibility in employment decisions and important tools to support ongoing efforts by employers to recruit, hire, and retain workers.

Oregon employers should stay on the lookout for important updates on this bill and reach out to counsel with any questions about the bill or compliance with Oregon’s Equal Pay Act.

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