

**REVENUE: No revenue impact**

**FISCAL: No fiscal impact**

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<b>Action:</b>	Do Pass and Be Placed on the Consent Calendar
<b>Vote:</b>	7 - 0 - 0
<b>Yeas:</b>	Berger, Edwards C., Esquivel, Holvey, Rosenbaum, Smith P., Schaufler
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Theresa Van Winkle, Administrator
<b>Meeting Dates:</b>	1/26, 2/2

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**WHAT THE MEASURE DOES:** Repeals unemployment tax law requires that a single-owner business which is “disregarded” for federal tax purposes to be treated the same for unemployment compensation tax purposes.

**ISSUES DISCUSSED:**

- Need for the statutory change

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** ORS 657.419 was enacted in 2001 (HB 2588), mirroring federal and state personal income tax law to ease the tax reporting burden on businesses considered “disregarded entities” for federal tax purposes. A “disregarded entity” is a business that is not treated as separate from another business or owner, such as a limited liability company (LLC) or a limited liability partnership (LLP), in which records of the entity and the records of another business or owner can be combined for tax reporting. The technical tax concept was established because the Internal Revenue Service does not recognize “disregarded entities.” Unemployment insurance law does not recognize the usage of “disregarded entities,” therefore the statute’s language makes the application of other statutes impossible.

HB 2248 restores the pre-2001 policy, allowing all LLCs and LLPs to be treated as distinct legal entities under ORS Chapter 657.