

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass
Vote: 4 - 0 - 1
Yeas: Avakian, Gordly, Monroe, Prozanski
Nays: 0
Exc.: Beyer
Prepared By: Anna Braun, Administrator
Meeting Dates: 3/7

WHAT THE MEASURE DOES: Repeals unemployment tax law requiring conformance with federal tax law for single-owner businesses that are “disregarded” for federal tax purposes.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The state of Oregon recognizes some single owner businesses as Limited Liability Companies (LLCs). However, the Internal Revenue Service (IRS) does not recognize LLCs and considers them “disregarded” entities for tax purposes. This requires their taxes to be reported as some other recognized entity. ORS 657.419 was enacted in 2001 to conform unemployment tax law with the federal tax treatment of these entities. This has caused a conflict with other parts of unemployment insurance law that does recognize LLCs. HB 2248 removes the requirement to conform to the federal tax treatment of LLCs for unemployment compensation tax purposes.