

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	9 - 1 - 0
Yeas:	Barton, Cameron, Edwards C., Esquivel, Holvey, Kennemer, Matthews, Witt, Schaufler
Nays:	Thatcher
Exc.:	0
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	1/28, 2/23, 3/2

WHAT THE MEASURE DOES: Changes the effective date of excluding certain corporate officers' work from unemployment insurance tax to either the first day of the current calendar quarter or preceding calendar quarter. Delegates an officer or employee of a corporation, member or employee of a limited liability company, or partner or employee of a limited liability partnership to be personally liable for unpaid unemployment insurance taxes in the case of default.

ISSUES DISCUSSED:

- Rationale behind criteria for the exclusion of certain members of a limited liability company (LLC) from unemployment insurance tax
- Process for an LLC member to opt-out of unemployment insurance tax payments
- Whether LLC members are exempted from receiving unemployment insurance benefits

EFFECT OF COMMITTEE AMENDMENT: Deletes provision that limits the exclusion of members of a limited liability company from unemployment insurance to those owning at least ten percent of the company.

BACKGROUND: ORS 657.044 provides an unemployment insurance (UI) tax exemption to corporations for work performed by corporate officers who have substantial ownership, serve as directors of the corporation, and are members of the same family. The exemption must be requested. Under the statute's provisions, the effective date of the exemption must be the first day of the calendar quarter in which the exemption request was submitted. House Bill 2201A modifies the deadline to the first day of either the calendar quarter in which the request was submitted or the previous calendar quarter.

House Bill 2201A also establishes personal liability for certain officers, employees, members, or partners when an employer defaults with respect to any payment required to be made by the employer to the Unemployment Compensation Trust Fund. More than one person may be held liable, and the Director of the Employment Department has the authority to issue a jeopardy assessment if there is reason to believe that the liable person(s) are insolvent. The Director is also required to issue a notice of assessment by mail to the last known address of record, and assessed amounts can be reviewed via a hearing.