

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	5 - 0 - 0
Yeas:	George, Monnes Anderson, Prozanski, Telfer, Rosenbaum
Nays:	0
Exc.:	0
Prepared By:	Jeremy Sarant, Administrator
Meeting Dates:	3/18, 4/1

WHAT THE MEASURE DOES: Repeals statute designating person or organization engaging services of musician as employer for purposes of unemployment insurance compensation taxes unless written contract between parties designates musician as responsible for required reports and payments. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Inconsistent application of independent contractor provision
- Ineffectiveness of current statute
- Possibility of emergency clause
- Possibility of retroactive application of repeal

EFFECT OF COMMITTEE AMENDMENT: Declares emergency, effective on passage.

BACKGROUND: ORS 657.506 currently defines the treatment of musicians for the purposes of calculating and paying unemployment insurance (UI) taxes. The statute establishes that a person or organization that hires the services of a musician is considered the musician's employer, unless a written contract designates one of more of the musicians who sign the contract as responsible for filing UI tax reports and payments. When such a designation exists, no other statutory exclusions for UI tax purposes need to be applied, such as determination of whether the musician is an independent contractor. If no contractual designation exists, the statute establishes that the musician is an employee of the person or organization engaging the musician, making the person or organization responsible for paying UI taxes.

Current law has not worked well, in part because of the existence of third party booking agents and a lack of clarity of the status among musicians playing a particular engagement.

House Bill 2540 A repeals the statute, but does not exempt musicians from being subject to UI tax unless they are excluded under ORS chapter 657 as independent contractors. The measure also does not change the UI tax treatment related to musicians engaged by non-profit organizations, Native American tribes, and governmental agencies.