

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
76th Oregon Legislative Assembly
2011 Regular Session
Legislative Revenue Office

Bill Number: SB 637
Revenue Area: Unemployment Insurance
Economist: Dae Baek
Date: 3/3/2011

Measure Description: Provides for a state "on" indicator for unemployment benefits purpose for any week when the rate of insured unemployment is at least 6.5 percent and when the seasonally adjusted average rate of total unemployment in Oregon for the most recent three-month period is at least 110 percent of average for any or all of the corresponding three-month period ending in the three preceding calendar years. Applies to benefits for weeks of unemployment ending on or before December 31, 2011, or the date established in federal law. Declares an emergency and takes effect on passage.

Revenue Impact (in \$Millions):

| | Fiscal Year | | Biennium | | |
|-----------------------------------|-------------|----------|----------|-----------|-----------|
| | 2009-10 | 2010-11 | 2009-11 | 2011-2013 | 2013-2015 |
| Unemployment Insurance Trust Fund | \$ 0 | Minimal* | Minimal* | Minimal* | Minimal* |

*Minimal means revenue loss of less than \$50,000.

Impact Explanation: ORS 657.321 provides the definition and calculation method to determine when Oregon is in an Extended Benefits (EB) period for unemployment insurance benefit purposes. This bill revises the calculation method to use a three-year period, instead of a two-year period, and would keep Oregon on an EB period throughout 2011. This change allows Oregon to take advantage of an additional \$214 million in federal funds. It would also cost the Unemployment Insurance Trust Fund \$11 million, but this cost will be fully paid back by collections from reimbursing employers. So the only revenue impact is the loss of interest income, which is minimal.

Creates, Extends, or Expands Tax Expenditure: Yes No