

REVENUE: No Revenue Impact
FISCAL: Minimal Fiscal Impact

Action: Do Pass
Vote: 7-0-1
Yeas: Bailey, Bentz, Brewer, Read, Wand, Barnhart, Berger
Nays: 0
Exc.: Gelser
Prepared By: Dae Baek, Economist
Meeting Dates: 6/8

WHAT THE BILL DOES: Allows the Director of the Oregon Employment Department to recalculate the benefit cost rate, the account reserve ratio and the percentage rate for purposes of managing the Local Government Employer Benefit Trust Fund, at any time upon the written request of a political subdivision. Allows a political subdivision to request an extended plan of additional payments under specified circumstances. Provides that the extended plan of additional payments may not exceed a period of 12 consecutive calendar quarters. Takes effect on the 91st day following the adjournment sine die.

ISSUES DISCUSSED:

- Case of the City of North Plains
- Triggering criteria for qualifying for recalculation or repayment plan

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: A local government has the option of financing its cost of unemployment insurance by either paying taxes or reimbursing the Unemployment Compensation Trust Fund for the benefits paid attributable to the wages paid by the local government. The reimbursing can be either direct when billed or can be from the Local Government Employer Benefit Trust Fund (LGEETF). A local government electing to reimburse through the LGEETF will pay quarterly into the fund a percentage of all gross wages paid to covered employees. Currently this percentage is based on the experience of the local government during the three-year period ending June 30 each year. The percentage rate to be paid into the LGEETF by a local government is designed to build, over a three-year period, an account balance equal to about one year of unemployment benefit charges applicable to the wages of the local government. (Source: http://www.oregon.gov/EMPLOY/TAX/docs/UIPUB097_0506.pdf, Oregon Employment Department).

Under this bill, a local government employer is allowed to work with the Oregon Employment Department so that it does not overpay into its LGEETF account and can seek an extended payment plan in replenishing insufficient account balance.