

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 1545**Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session
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Date: February 7, 2012**Summary of Expenditure Impact**

	2011-13 Biennium	2013-15 Biennium
NL Other Funds	-643,500	-1,188,000
Total Funds	-\$643,500	-\$1,188,000

Summary of Revenue Impact

	2011-13 Biennium	2013-15 Biennium
NL Other Funds	-1,823,453	-3,466,442
Total Funds	-\$1,823,453	-\$3,466,442

Measure Description:

Specifies that exclusion from definition of "employment" for transportation performed by person leasing equipment to for-hire carrier applies regardless of whether person leasing equipment purchases, leases, rents or finances equipment, from any person, without restriction.

Government Unit(s) Affected:

Employment Department

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

SB 1545 excludes wages paid to a person who leases equipment from a for-hire carrier and then leases that equipment back to the for-hire carrier from Unemployment Insurance (UI) taxes. These wages would no longer be subject to UI tax and these wages could not be used in qualifying for, or calculating, UI benefits. The bill is effective on the 91st day after legislative adjournment.

The fiscal impact is based on the following estimates from the Employment Department. The bill will be effective on May 31, 2012. Approximately 1,520 drivers will be excluded under this bill. UI revenue and expenditures are Nonlimited Other Funds. There will be a reduction of \$1,665,664 in UI trust fund revenue per calendar year plus a reduction of \$18,984 in interest earnings on the UI trust fund in 2011-13 and \$135,114 in 2013-15. Assuming 13 months of revenue reduction in the 2011-13 biennium, the total revenue reduction would be \$1,823,453. There would be an annual reduction of \$594,000 in UI expenditures, and based on 13 months of expenditure reduction in 2011-13, a total a reduction of \$643,500 in the 2011-13.

The net effect of this bill on the UI trust fund in 2011-13 would be a reduction of \$1,179,953 and a net reduction of \$2,278,442 in 2013-15.