



May 23, 2013

To: Members of the Oregon Senate

Re: Comments in support of H 2059 related to direct sellers

Echoing the message of The Direct Selling Association (“DSA”), we at Southwestern Advantage would like to **voice our support for H 2059**. This bill clarifies the direct seller exemption for purposes of unemployment compensation in Oregon by adopting the direct seller exemption found in Oregon Statute 316.209 relating to personal income tax.

The proposed amendment to Oregon law would be in conformance with the direct seller exemptions in 33 other states, including California, Idaho, Nevada and Washington. In order to be subject to the exemption, the direct seller’s remuneration would be directly related to his or her sales or output rather than the number of hours worked. In addition, the direct seller’s services must be performed pursuant to a written contract between the direct seller and the company for which services are performed.

Southwestern Advantage is the oldest member of the The Direct Selling Association, dating back to 1855. The DSA is the national trade association representing companies that sell their products and services through independent contractors through personal presentation and demonstration. These direct selling companies, with 15.6 million individual American direct sellers, include some of the nation’s most well-known brands. Our industry generates nearly \$30 billion each year in domestic sales and \$115 billion in worldwide sales. The almost 267,000 Oregon residents who sell for these companies are independent contractors who typically sell on a part-time basis to their neighbors, relatives and friends to supplement their family incomes, generating approximately \$433.1 million in sales in Oregon each year.

Direct sellers do not participate in states’ unemployment compensation system based on their direct selling activities because they are not employees of the direct selling company. Direct sellers are independent contractors who operate their own businesses. They decide what products they want to sell, the hours they want to work and the people to whom they want to sell products. The median amount individual direct sellers make each year is about \$1,500 before taxes. H 2059 as amended clarifies that direct sellers are not considered employees for purposes of unemployment compensation.

In order to provide clarity and consistency to the business community, state regulators and the 267,000 direct sellers in Oregon, **Southwestern Advantage encourages you to pass H 2059**.

Sincerely,

Daniel W. Moore  
President