

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
Seventy-Seventh Oregon Legislative  
Assembly  
2013 Regular Session  
Legislative Revenue Office

Bill Number: HB 3095  
Revenue Area: Unemployment Insurance  
Economist: Dae Baek  
Date: 4/15/2013

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:** Prohibits a public body from considering a franchisee as an employee of a franchisor unless the public body determines, with support of substantial evidence, that the franchisor exercises certain control over the franchisee under specified conditions. Takes effect on passage.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-17	2017-19
Unemployment Insurance Trust Fund	-\$ 28.5	-\$ 31.1	-\$ 59.6	-\$ 72.0	-\$ 85.0

Data Source: Oregon Employment Department

**Impact Explanation:** This bill creates an exclusion to Oregon’s Unemployment Insurance (UI) coverage. The Oregon Employment Department (OED) is a public body, and under the bill, it will be prohibited, for purposes of UI coverage, from considering a franchisee to be an employee of a franchisor unless the conditions specified in the bill are met. A consequence of this prohibition is that certain franchisors will be exempt from paying into the UI Trust Fund. At the same time, certain employers are expected to establish franchisor-franchisee relation with their employees that will allow them to be exempt from UI taxation.

Certain individuals who are currently eligible for unemployment benefits will no longer qualify for benefits as their employers stop paying UI tax. The revenue impact captures UI Trust Fund loss stemming from UI tax exemption and less UI benefit payout.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No