

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Do Pass
Vote: 6 - 0 - 0
Yeas: Edwards, Girod, Monroe, Starr, Thomsen, Beyer
Nays: 0
Exc.: 0
Prepared By: Patrick Brennan, Administrator
Meeting Dates: 4/16

WHAT THE MEASURE DOES: Excludes from definition of “employment,” for purpose of qualifying for unemployment insurance benefits, those services performed for corporation by individual with substantial ownership interest in corporation who is sole corporate officer and director of corporation. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- No immediate effect on Unemployment Insurance Fund
- Applies to sole corporate officer; employees would still be covered
- Addresses financial burden on very small corporations

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Oregon Employment Department, created in 1933, is charged with supporting economic stability for Oregonians and communities during times of unemployment through the payment of unemployment benefits, generally referred to as Unemployment Insurance (UI). To be eligible to receive benefits, an individual must have earned at least \$1,000 in wages in subject employment during the first four of the previous five quarters, as well as total wages of at least 1.5 times that of the highest quarter during the same period. Weekly benefits range from \$122 per week to \$524 per week.

Under current law, the definition of “employment” for purposes of qualifying to receive UI benefits specifies that services provided by persons who are directors of a corporation, have a substantial ownership in the corporation, and are members of the same family do not count as employment. Senate Bill 849 specifies that, in cases where the service is provided by an individual who is the sole corporate officer and director, and who has a substantial ownership interest in the corporation, service is not considered employment for purposes of unemployment insurance considerations.