

HB 4035 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/6

WHAT THE MEASURE DOES:

Increases the allocation to the Supplemental Employment Department Administration Fund out of unemployment insurance tax revenues. Takes effect on the 91st day following the adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

This measure does not change unemployment insurance (UI) tax rate for any UI tax paying employer. It simply increases the allocation to the Supplemental Employment Department Administration Fund (SEDAF) out of UI tax revenues that is being used to run the state UI program.

For a calendar quarter, the current dedication to the SEDAF is 0.09% point of any UI tax rate and this measure changes it to 0.109% point. For example, if an employer is subject to 2.0% UI tax rate, 0.109% on UI tax-subjected wages will be collected and dedicated to the SEDAF and the remaining 1.891% (which is 2.0% minus 0.109%) of UI tax-subjected wages will be collected and sent to the UI Trust Fund. In the end, the employer tax rate stays unchanged at 2.0% and any adjustment occurs internally at the Oregon Employment Department (OED).

On top of the SEDAF dedication, for the first calendar quarter of each odd-numbered year, there will be 0.03% point dedication to the Wage Security Fund (WSF). The dedication to WSF does not change in this measure.

OED does not anticipate an UI tax schedule change because of the change in the measure.