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Legislative Fiscal Office
82nd Oregon Legislative Assembly
2024 Regular Session

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Date: February 14, 2024

Bill Title: Relating to unemployment insurance taxes; prescribing an effective date.

Government Unit(s) Affected: Employment Department

Summary of Fiscal Impact

The measure is anticipated to have a minimal fiscal impact on the Employment Department, but will require budgetary adjustments for the expenditure of the increased Supplemental Employment Department Administration Fund allocation provided under the measure.

Measure Description

HB 4035 increases the Supplemental Employment Department Administration Fund (SEDAF) allocation out of unemployment insurance (UI) tax revenues, which the Employment Department (OED) uses to administer the state UI program. By law, OED may only use SEDAF funds for administration expenses where federal funding has been reduced, eliminated, or otherwise is not available, and which has been authorized in OED’s legislatively approved budget. Currently, the quarterly dedication to SEDAF is 0.09% of the applicable UI tax rate. The measure increases the quarterly dedication to 0.109%. resulting in an increase to available revenues used to administer the state UI program. The measure does not change the employer tax rate.

Fiscal Analysis

Implementing the measure is anticipated to have a minimal fiscal impact on OED. However, the measure does have an associated budgetary impact, as resulting revenue will be utilized to continue positions and activities that were funded with temporary General Fund resources appropriated to OED in HB 5049 (2023).

The measure would enable OED to retain 72 positions that were approved to eliminate backlogs in fraud investigations and overpayments; maintain timely benefit determinations and payments; provide adequate supervisory support; and allow for additional access to information, through translation of OED information and materials for non-native English speakers. An increase to OED’s expenditure limitation of \$10,359,627 Other Funds and position authority for an additional 72 positions (45.00 FTE) in the 2023-25 biennium will enable these activities to continue and may be included in the 2024 omnibus budget reconciliation bill. For the 2025-27 biennium, these activities would require an estimated \$16.7 million Other Funds and 72 positions (72.00 FTE).

Relevant Dates

The measure takes effect 91 days after adjournment sine die.