

Testimony in Opposition to Oregon Senate Bill 916

Honorable Chair Taylor, Vice-Chair Bonham, and Members of the Senate Committee on Labor and Business:

I am writing on behalf of the Grants Pass & Josephine County Chamber of Commerce to express our strong opposition to Senate Bill 916, which proposes to extend unemployment insurance benefits to workers engaged in active labor disputes. While we respect the rights of workers to advocate for better conditions, this bill presents significant concerns for small businesses across the state.

Financial Impact on Small Businesses

In Oregon, employers bear the full responsibility of funding the UI system through payroll taxes. The introduction of benefits for striking workers would inevitably lead to increased claims against the UI fund, necessitating higher payroll taxes to maintain its solvency. This financial burden would disproportionately affect small businesses, many of which operate on narrow margins and are already contending with economic challenges.

Equity and Fairness Concerns

It is important to recognize that many small businesses have no involvement in large-scale labor disputes. Yet, under SB 916, they would be compelled to shoulder the financial consequences of such disputes through increased UI taxes. This cost-shifting is inherently unfair, placing the burden of private labor disagreements onto the broader business community.

Contradiction of Unemployment Insurance Principles

The foundational purpose of the unemployment insurance (UI) system is to provide temporary financial assistance to individuals who are unemployed through no fault of their own. SB 916 seeks to extend these benefits to individuals who have voluntarily chosen to strike, thereby contradicting the core intent of the UI program. This shift could set a concerning precedent, blurring the lines between voluntary and involuntary unemployment.

Unintended Consequences and Broader Implications

By providing UI benefits during strikes, SB 916 could inadvertently incentivize prolonged labor disputes, as the financial pressure to reach a resolution is alleviated for striking workers. This potential for extended disputes not only disrupts the operations of the directly involved businesses but also has ripple effects throughout the supply chain, impacting small businesses that are indirectly connected.

Conclusion

While the objectives of SB 916 may be well-intentioned, the potential economic and systemic repercussions for Oregon's small businesses are substantial. We urge the committee to consider these impacts and oppose the passage of this bill. Protecting the integrity of the unemployment insurance system and ensuring a fair and predictable business environment is crucial for the vitality of our state's economy.

Thank you for your attention to this matter.

Sincerely,

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