



Feb. 6, 2025

TO: Members of the Senate Committee on Labor and Business

FR: Derek Sangston, Oregon Retail Council

RE: Opposition to SB 916

Oregon Business & Industry (OBI) is a statewide association representing businesses from a wide variety of industries. Through the Oregon Retail Council, it is also the state affiliate for the National Retail Federation. The Oregon Retail Council represents the unique interests of retailers throughout the state on both legislative and regulatory issues. Retail trade is Oregon's largest private sector employer and drives the state's economy.

Thank you for the opportunity to testify in vehement opposition to SB 916. SB 916 would allow workers to claim unemployment benefits while they are on strike. The Oregon Retail Council believes that would lead to detrimental consequences for both the retail industry and the broader Oregon economy. Allowing workers to collect unemployment during strikes not only undermines the intent of the unemployment insurance system but also creates significant challenges for businesses, workers, and consumers alike.

Impact on Oregon's Retail Industry

The retail sector is an integral part of Oregon's economy, directly employing over 400,000 Oregonians across a wide variety of businesses, from small family-owned shops to large national chains. Oregon's retail sector is responsible for adding \$63.9 billion to Oregon's gross domestic product (GDP) through over 56,000 retail establishments. For those retail businesses that operate on thin profit margins and work within complex supply chains, SB 916 would have devastating impacts.

1. Increased Operational Challenges and Costs: If workers on strike are able to collect unemployment benefits, businesses may face an unpredictable environment during labor disputes. Strikes would likely be prolonged, and businesses will be forced to continue paying for replacement workers, training, and managing disruptions, in addition to the burden of paying unemployment taxes for strike-related claims. The increased financial strain would result in increased costs for Oregon consumers through higher prices. It would also disproportionately affect smaller, local retailers who are much less able to pass off higher costs attributed to increase Unemployment Insurance taxes and require those businesses to permanently close instead.

2. Job Loss and Layoffs: The costs associated with paying for unemployment benefits during strikes may incentivize businesses to automate more jobs, which reduces the number of available jobs in the retail sector. The decision to keep workers on strike by offering unemployment benefits could also result in fewer long-term job opportunities for workers in the future as businesses become more cautious in their hiring practices.

3. Potential for Increased Union-Related Disruptions: This policy change could incentivize unions to call strikes with the expectation of unemployment benefits, which could lead to more frequent and prolonged work stoppages. Oregon's retail sector, which already experiences staffing shortages, would find it challenging to maintain business operations under such conditions. Smaller retailers, especially in rural areas, may not have the resources to navigate extended disruptions caused by strikes, potentially resulting in more store closures.

Considerations from Other States

The proposed policy is not only a shift in Oregon's labor landscape but is also a departure from the standard practices in the majority of states across the nation. Several states have considered or attempted similar policies:

California: California has long had a policy in place where workers on strike are generally ineligible for unemployment benefits, unless their employer has locked them out. This policy remains in place to avoid undermining the principles of both the unemployment insurance program and labor relations.

Ohio: Ohio lawmakers debated a bill in 2020 that would have allowed workers to claim unemployment benefits during strikes. However, after a thorough review and extensive debate, it was recognized that such a policy would disrupt the state's unemployment system and create an unfair burden on businesses. The proposal was withdrawn.

Washington: Washington lawmakers have debated this issue over the past few sessions as well. In 2024, the Washington legislature rejected this policy due to concerns over how it would disrupt the state's unemployment trust fund and unfairly burden businesses who would pay for workers who choose to go on strike.

In each case, concerns over the long-term economic implications and the fairness of such policies to businesses, particularly small businesses, led to the rejection or abandonment of the proposal.

Unemployment Insurance System Integrity

Unemployment insurance is a safety net for individuals who lose their jobs through no fault of their own. The system is designed to assist workers during periods of involuntary job loss, not during periods of labor dispute where workers have voluntarily chosen to strike. Providing unemployment benefits to workers during a strike could undermine the integrity of the system, leading to higher premiums for businesses and fewer resources available for those who truly need assistance due to economic conditions beyond their control.

For the foregoing reasons, the Oregon Retail Council strongly encourages this committee to reject SB 916. Thank you for your consideration.

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