

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number: HB 3416
Revenue Area: Unemployment Insurance
Economist: Dae Baek
Date: 4/5/2019

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

For purposes of unemployment insurance coverage, excludes from the definition of employment, individuals making sales of consumer goods or services in home or any place other than a permanent retail establishment.

Revenue Impact (in \$Millions):

	Biennium		
	2019-21	2021-23	2023-25
Unemployment Insurance Tax Reduction	-\$13.1	-\$18.1	-\$18.6
Less Unemployment Insurance Benefits Payment	\$6.8	\$9.5	\$9.6
Net Impact on Unemployment Insurance Trust Fund	-\$6.3	-\$8.6	-\$9.0

Data Source: Oregon Employment Department

Impact Explanation:

Because of the exclusion of specified individuals in the bill from unemployment insurance (UI) taxation and benefits payment, UI trust fund will see a net reduction in the fund balance. The Oregon Employment Department (OED) identifies over 10,000 individuals being impacted by the bill.

The employers of impacted individuals will not pay into UI trust fund, leading to loss of UI tax revenues. However, these impacted individuals will not be eligible for UI benefits either, resulting in less UI benefits payment. Estimated loss in UI tax and less benefits payment are shown in the table above. Since the bill becomes effective on January 1, 2020, the 2019-21 biennium reflects 18 months of impact on UI trust fund.

Creates, Extends, or Expands Tax Expenditure: Yes No