



May 11, 2021

Senate Committee on Labor and Business  
Oregon State Capitol  
900 Court St. NE  
Salem, OR 97301

**RE: Support for HB 3389**

Chair Riley, Vice Chair Hansell, and Members of the Committee,

For the record, my name is Greg Astley, Director of Government Affairs for the Oregon Restaurant and Lodging Association (ORLA) speaking in support of HB 3389.

Oregon's restaurants and lodging properties have been hit particularly hard by the COVID-19 pandemic and the resulting steps taken to help prevent the spread of the disease.

From travel restrictions early on to limits on the number of people able to meet or gather to complete shutdowns of eating establishments, Oregon's hospitality industry has suffered like no other.

According to the Oregon Employment Department, from December 2019 to December 2020, Oregon's Leisure and Hospitality sector lost 38.7% of jobs compared to 9.1% across all other industries.

We hope our state is done with the yo-yoing of counties not able to allow indoor dining for our members, but we can't be sure.

With little to no revenue, restaurants have tried to be innovative to keep employees on payroll and continue to keep their doors open but it has been tremendously difficult for most.

On top of that, fixed costs such as rent, utilities and fees are still due every month.

Under normal circumstances, with market forces driving decisions, increases in the Unemployment Tax rate might be understandable but these are not normal circumstances.

Restaurants had to lay off employees due to the shutdowns. Government restrictions and mandates are the reasons employees were let go.

Now, at a time when revenues are still down by as much as 50% in some cases, restaurants are being told their Unemployment Taxes will more than double in 2021.

One operator contacted me because last year he was paying \$7,500 in unemployment taxes and this year he would be paying \$16,500. More than double.

The laws and formulas we have in place currently do not adequately account for the situation we find ourselves in today. I think we can all agree, this pandemic has forced us to re-think the way we live our lives, conduct business and even legislate.

Changes need to be made in how we address this issue based on the circumstances we are in currently, not last year, not ten years ago. The first tax bill was due last month, so we need to act now.

Extending the look back period from 10 to 20 years, adjusting experience ratings for future years to be based on 2020 pre-pandemic numbers and deferral of a portion of the taxes are important steps and we appreciate the work that has gone into this bill.

These are important long-term solutions to help mitigate the impacts of the last twelve months and we appreciate the bi-partisan, bi-cameral sponsorship of this bill and the tremendous amount of work that has gone into bringing it forward including the work done by Director Gerstenfeldt and his staff.

We would ask that this be a beginning of what needs to be done however and not considered the ultimate solution.

We need to fix the 2021 tax rates affecting so many businesses right now. Forgiveness of UI taxes this year for businesses needs to be more expansive: including forgiveness of up to two-thirds of 2021 taxes for operators who saw an increase of 1% or more.

These short-term solutions need to be implemented and acted upon immediately to help the hundreds, if not thousands, of businesses, who, through no fault of their own, have had to layoff so many of their valued employees and co-workers.

Thank you and I urge your support of HB 3389 with these changes.

*ORLA is the largest statewide association representing Oregon's hospitality industry which includes over 10,000 food service establishments, 2,000 lodging properties and employed over 180,000 Oregonians pre-COVID 19.*