

**HB 4035 STAFF MEASURE SUMMARY**

**House Committee On Revenue**

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**Prepared By:** Dae Baek, Senior Economist

**Meeting Dates:** 2/6, 2/14

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**WHAT THE MEASURE DOES:**

Increases the Supplemental Employment Department Administration Fund allocation out of unemployment insurance tax revenues. Takes effect on the 91st day following the adjournment sine die.

**ISSUES DISCUSSED:**

- Need for additional money to run the state unemployment insurance (UI) program for better customer service
- Measure of qualitative improvement in UI program administration
- Solvency of the UI trust fund

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

This measure does not change unemployment insurance (UI) tax rate for any UI tax paying employer. It simply increases the Supplemental Employment Department Administration Fund (SEDAF) allocation out of UI tax revenues. With the change, the SEDAF adds more money to the pool of revenues that are being used to run the state UI program.

For a calendar quarter, the current dedication to the SEDAF is 0.09% point of any UI tax rate and this measure changes it to 0.109% point. For example, if an employer is subject to 2.0% UI tax rate, 0.109% on UI tax-subjected wages will be collected and dedicated to the SEDAF and the remaining 1.891% (which is 2.0% minus 0.109%) of UI tax-subjected wages will be collected and sent to the UI Trust Fund. In the end, the employer tax rate stays unchanged at 2.0% and any adjustment occurs internally at the Oregon Employment Department (OED).

The change in the measure is expected to have minimal impact on the trust fund balance, and there will be no change in the currently anticipated UI tax schedules.