Oregon

Tina Kotek, Governor

Employment Department
875 Union Street NE
Salem, Oregon 97311
503-947-1394
employment.oregon.gov

February 12, 2025

The Honorable Senator Kathleen Taylor, Chair
The Honorable Senator Daniel Bonham, Vice-Chair
Senate Labor and Business Committee
900 Court Street NE,
Salem, OR 97301

RE: Follow-up information to February 6, 2025, SB 916 Public Hearing

Dear Chair Taylor and Vice-Chair Bonham,

We appreciated the opportunity to testify during last week's hearing on SB 916. The bill would allow unemployment insurance benefits to workers who are unemployed due to a labor dispute, if otherwise eligible. We do not have a position on this bill, but we were asked to provide some definitions of terms that have been discussed regarding this bill to help aid this policy discussion.

Labor Dispute
SB 916 refers to a "labor dispute" but does not define that term. While ORS 662.010 defines a labor dispute for some purposes, that definition does not apply to unemployment insurance, and there is no definition of a labor dispute in existing unemployment insurance (UI) statutes. The Employment Department (OED) would interpret the term "labor dispute" according to current Oregon Administrative Rule 471-030-0097, which reads:

> "The term 'labor dispute' as used in the Employment Department law means any concerted or deliberate action by two or more individuals or by an employing unit resulting in either a strike or lockout in which wages, hours, working conditions or terms o[f] employment of the individuals are involved."

Taxpaying Employer
Employers who pay a UI payroll tax to fund the UI Trust Fund. Most employers are taxpaying.

Reimbursing Employer
Employers who do not pay a UI payroll tax but instead reimburse the UI Trust Fund for UI benefits paid to the employer's former workers. Most public employers fall into this category.

State of Oregon
Employment
Department

The Oregon Employment Department is an equal opportunity agency.

Page 1
February 12, 2025

UI Tax Schedules

A set of tax rates, established by statutory formula, designed to keep the UI Trust Fund solvent through fluctuating economic conditions. There are eight tax schedules, with the higher numbers representing higher average UI tax rates. Schedules are determined annually and apply to each calendar year. The statutory formula aims to ensure the UI Trust Fund has adequate reserves to pay benefits for 18 months of a recession. In 2025, we are in Tax Schedule III, which has a minimum rate of 0.9% and a maximum rate of 5.4%.

UI Tax Rates

Individual tax rates are paid by taxpaying employers. Each employer's tax rate is a function of the current tax schedule and how that employer's "experience rating" compares to that of all other Oregon employers. The maximum UI tax rate an employer can have in Oregon in any of the eight tax schedules is 5.4% (federal law requires at least some employers in each state to have a UI tax rate of 5.4% or higher).

Experience Rating

A computation of how much an employer's former workers have collected UI benefits in the past. This results in employers receiving a higher or lower tax rate based on how often their former employees have used the UI system.
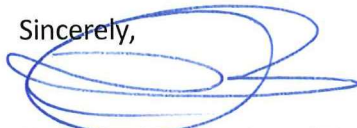
Base Rate

This is the UI tax rate assigned to new employers before they have established sufficient history to receive an experience rating (usually three years). This "base rate" is a statutory amount determined by the tax schedule Oregon is currently in.

Relief of Charges

When benefit charges paid to an employee are disregarded for purposes of computing an employer's experience rating. This typically occurs when there is a circumstance where someone is eligible for UI benefits, but the Legislature has made a policy decision to have the benefits socialized among all Oregon UI taxpaying employers rather than be attributed to any one employer. Relief of charges is not available for reimbursing employers.

We hope this information is helpful. Please reach out if you have any additional questions.

Sincerely,

Lindsi Leahy, Director of Unemployment Insurance
Oregon Employment Department

cc: Whitney Perez, Legislative Policy Research Office Analyst

State of Oregon
Employment
Department

The Oregon Employment Department is an equal opportunity agency.

Page 2
February 10, 2025