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June 24, 2025

To: The Senate Committee on Finance and Revenue
From: Anthony K. Smith, National Federation of Independent Business
Re: NFIB Written Testimony in Support of HB 2271A

Chair Meek, Vice-Chair McLane, and Members of the Committee:

On behalf of Oregon's small business members of the National Federation of Independent Business, I would like to express NFIB's support for HB 2271A, which would provide a limited, one-time, unemployment insurance (UI) payroll tax credit for certain businesses with UI experience ratings that were frozen at artificially high levels due to the COVID-19 pandemic.

NFIB is the Voice of Small Business. We are a nonprofit, nonpartisan, member-driven organization that advocates on behalf of America's small and independent business owners – both in Washington, D.C. and in all 50 state capitals.

NFIB represents thousands of small businesses across the state in every industry sector, many being the smallest of small businesses, with about 90% of our members in Oregon having fewer than 25 employees and 70% having fewer than 10 employees. Together, our members provide jobs for tens of thousands of Oregonians.

HB 2271A provides a nonrefundable tax credit of at least \$100 and up to \$5,000 against an employer's UI payroll taxes for calendar year 2025. About 1,000 Oregon employers would benefit from the credit, 80% of which are small businesses with fewer than 25 employees. Importantly, this one-time credit has a very limited impact on the UI Trust Fund. It is not projected to affect the state's UI tax schedule, and it should have no impact on employer UI tax rates. If it did – or if we had even the slightest concern that it would – NFIB would be first in line to oppose the measure.

However, NFIB fully supports HB 2271A because it provides limited but meaningful UI tax relief for those businesses that were adversely impacted by the passage of HB 3389 in 2021. That bill was extremely important for Oregon employers in the wake of the COVID-19 pandemic. An unprecedented number of businesses were forced to lay off workers all at the same time and Oregon's businesses were facing a truly massive automatic UI tax increase had the legislature failed to act.

The legislature came through in a big way with the passage of HB 3389, which among other provisions, froze UI experience ratings for all employers for three calendar years (2022-2024). This was beneficial for the vast majority of Oregon businesses, but for businesses with an atypical UI claim against their account in the year or two leading up to the pandemic, the freeze locked them into an unusually high experience rating (and higher taxes owed) for those three years.

Proponents of HB 3389 were aware of this potential problem when we crafted the legislation but given the worldwide emergency that was happening at the time, we needed to pass a bill designed to avert an avoidable hardship for businesses that were shut down through no fault of their own. HB 2271A is our opportunity to finish the good work of HB 3389.

NFIB respectfully asks you to support HB 2271A.

Thank you for your time and consideration,



Anthony K. Smith
NFIB Oregon State Director