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I certify that the attached copies are true, full and correct copies of the PERMANENT Rule(s) adopted on Upon filing, by the
Employment Department 471

Agency and Division Administrative Rules Chapter Number

Cristina Koreski (503) 947-1471

Rules Coordinator Telephone

875 Union St. NE, Salem, OR 97311

Address

To become effective Upon filing. Rulemaking Notice was published in the January 2017 Oregon Bulletin.

RULE CAPTION

Update Rule to Incorporate 2013 Statutory Change and Clarify Unemployment Coverage for Certain Corporate Officers

Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.

RULEMAKING ACTION

Secure approval of new rule numbers with the Administrative Rules Unit prior to filing.

ADOPT:

AMEND:

471-031-0017

REPEAL:

RENUMBER:

AMEND AND RENUMBER:

Statutory Authority:

ORS 657.610

Other Authority:

Statutes Implemented:

ORS 657.044

RULE SUMMARY

The Department is proposing to amend this rule due to the passage of Senate Bill (SB) 849 in the 2013 Legislative Session. SB 849 amended Oregon Revised Statute (ORS) 657.044 to enable corporations with sole corporate officers to elect not to provide unemployment insurance coverage for the officers. The bill specified that the exclusion applied when Oregon achieved Unemployment Insurance Tax Schedule IV or lower which occurred in 2016.

The proposed amendment also includes the following changes, not resulting from the passage of SB 849, to simplify the rule:

- (1) Clarifies how the Department will review the written election;
- (2) Simplifies how a corporation may cancel said election;
- (3) Specifies when the election is considered revoked due to a corporation no longer meeting the requirements of ORS 657.044; and
- (4) Removes redundant or otherwise unnecessary references to authority and rights established under existing Oregon law.

Lastly, also not resulting from the passage of SB 849, the proposed amendment to the rule defines the term "substantial ownership" to mean that each corporate officer must own at least ten (10%) percent of the total corporation.

The change in rule will not affect employers who currently already qualify for the exclusion. Only corporations with officers electing the exclusion after February 1, 2017 will be affected.

Cristina Koreski

cristina.koreski@oregon.gov

Rules Coordinator Name

Email Address