

Secretary of State
NOTICE OF PROPOSED RULEMAKING HEARING*
A Statement of Need and Fiscal Impact accompanies this form

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Employment Department
Agency and Division
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471
Administrative Rules Chapter Number
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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.

Hearing Date	Time	Location	Hearings Officer
1-27-17	2:00 p.m.	Employment Department Auditorium; 875 Union St NE, Salem, OR	Staff

RULEMAKING ACTION

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

ADOPT:

AMEND:

471-031-0017

REPEAL:

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

AMEND AND RENUMBER: Secure approval of new rule numbers with the Administrative Rules Unit prior to filing.

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.

Written comments may be submitted via e-mail to OED_Rules@oregon.gov by January 27, 2017 at 5:00 p.m. All comments received will be given equal consideration before the Department proceeds with the permanent rulemaking.

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

<u>01-27-2017 5:00 p.m.</u>	<u>Cristina Koreski</u>	<u>cristina.koreski@oregon.gov</u>
Last Day (<i>m/d/yyyy</i>) and Time for public comment	Rules Coordinator Name	Email Address

*The Oregon Bulletin is published on the 1st of each month and updates the rule text found in the Oregon Administrative Rules Compilation.