



Oregon Employment Department Advisory Council

Implementation of HB 3389

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House Bill 3389

- Bill signed on July 27, 2021, operative date of September 25, 2021
- Provides unemployment insurance tax relief to Oregon employers in response to the COVID-19 pandemic
- Provides a mix of short-term and long-term tax relief for Oregon businesses while protecting against long-term UI Trust Fund insolvency risks.





House Bill 3389 Goal

To support Oregon employers, stimulate recovery from the COVID-19 pandemic, and maintain long-term solvency of Oregon's UI Trust Fund.



HB 3389 Key Provisions

- Extends the ‘look back period’ from 10 – 20 years
- Keeps employers’ experience rating to the same as what was used to determine the 2020 tax rates until 2025
- Deferral of up to one-third of 2021 taxes until June 30, 2022 for employers meeting certain criteria
- Enabled some employers to be eligible for full or partial forgiveness of their deferrable 2021 UI taxes



Impact on Employers

- These changes, from 2021 – 2029, are estimated to save employers \$2.2 billion
- In 2022, it is estimated that:
 - over 50,000 more employers will have a tax rate of 2.5% or less; and
 - more than 42,300 fewer employers will have a rate of 2.6% or more



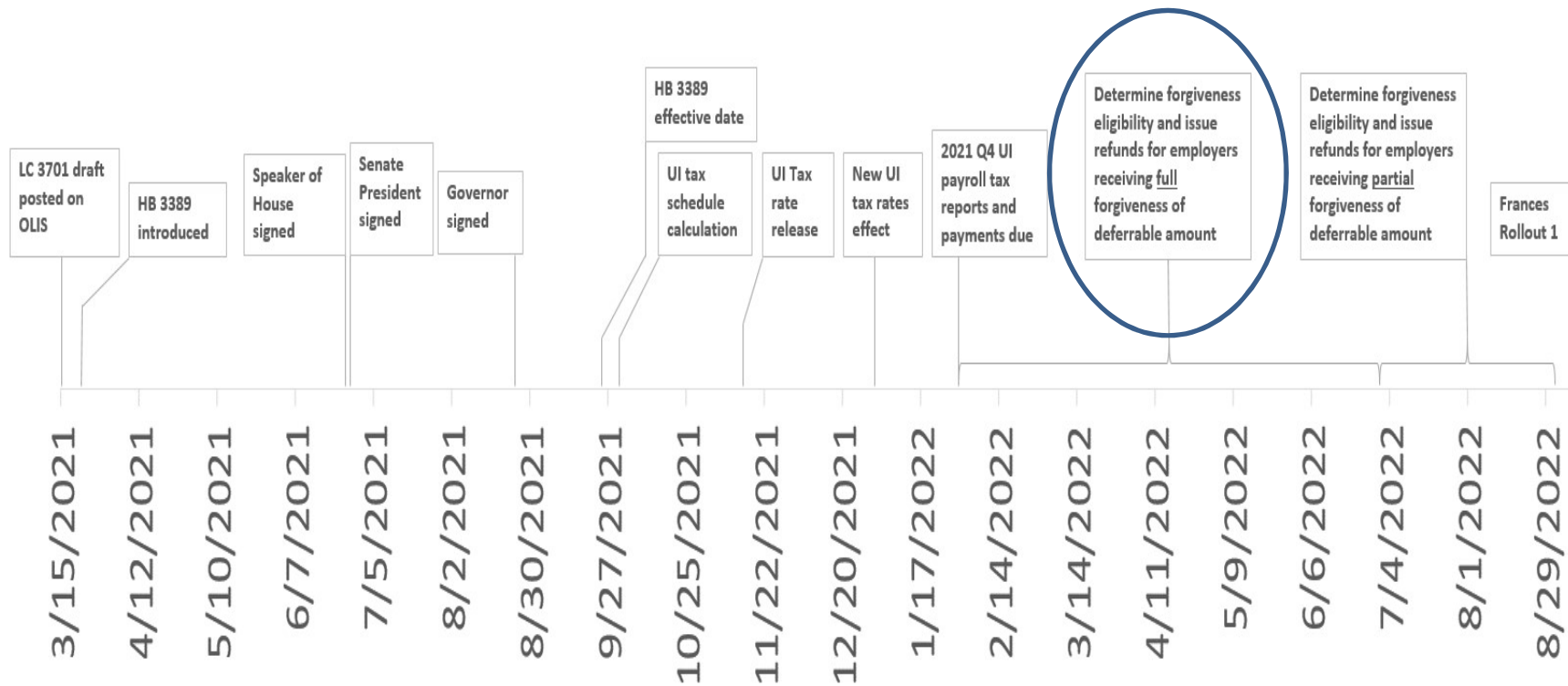
Deferral and Forgiveness - Amounts

- Employer contributions of **\$160 million** are deferrable for Q1 – Q4, 2021
- **\$40 million** of Q1 – Q4, 2021 deferrable amount is currently eligible for forgiveness
- Relief of penalties and interest on deferred 2021 taxes will also be provided to employers. Estimates will be available after deferrals are complete, early July 2022
- After work is completed by September 30, 2022, impact amounts and the number of eligible employers for prior quarters could change

Category	Employers	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
		Deferrable	Forgiveness	Deferrable	Forgiveness	Deferrable	Forgiveness	Deferrable	Forgiveness
100% forgiveness	8,561	\$3,386,930.99	\$3,386,930.99	\$3,853,474.69	\$3,853,474.69	\$3,746,367.25	\$3,746,367.25	\$3,358,716.56	\$3,358,716.56
75% forgiveness	5,360	\$4,964,880.24	\$3,723,660.18	\$4,933,752.35	\$3,700,314.26	\$4,516,880.19	\$3,387,660.14	\$3,831,197.67	\$2,873,398.25
50% forgiveness	5,029	\$6,923,784.18	\$3,461,892.09	\$6,693,176.64	\$3,346,588.32	\$5,824,389.30	\$2,912,194.65	\$4,819,817.35	\$2,409,908.68
Deferral only	62,024	\$33,509,715.28	\$0.00	\$28,599,628.03	\$0.00	\$22,823,534.64	\$0.00	\$18,051,332.90	\$0.00
Total	80,974	\$48,785,310.69	\$10,572,483.26	\$44,080,031.71	\$10,900,377.27	\$36,911,171.38	\$10,046,222.04	\$30,061,064.48	\$8,642,023.49



HB 3389 History and Project Timeline



Current Processes

- All 2021 fourth quarter Unemployment Insurance taxes were due January 30, 2022
- March 2022, began the review eligible accounts for deferral status
- April 2022, began processing eligible accounts where there was no deferral, and where the employer is due to forgiveness
- May 2022, will begin processing refunds for eligible accounts without deferral and due forgiveness



HB 3389 Eligible Accounts

Eligible Account Counts Based on Deferral as of 5/2/2022	
Deferred	6,412
0.00%	5,221
50.00%	391
75.00%	294
100.00%	506
Paid in full	74,562
0.00%	56,803
50.00%	4,638
75.00%	5,066
100.00%	8,055
Grand Total	80,974



Accounts with Deferred Amounts

- Employers that chose to defer payments, have until June 30, 2022 to pay any deferred amounts that will not be forgiven
- Employers will receive communication encouraging them to pay deferred amounts before the deadline
- Employers that do not pay deferred amounts that are not eligible for forgiveness by June 30, 2022, will no longer be eligible for the program
- Any accrued interest or penalties will become due at that time



Contact Information

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Thank You

