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Unemployment Insurance tax and Paid Leave Oregon contribution rates hold steady for 2026

SALEM, Ore. — The Oregon Employment Department has announced that the tax schedule for Unemployment Insurance (UI) and the contribution rate for Paid Leave Oregon will not change in 2026. Oregon will remain in Tax Schedule 3 for Unemployment Insurance, and the Paid Leave Oregon contribution rate will remain at 1 percent.

“Keeping these rates flat is important for Oregon’s economy, especially as businesses navigate increasing economic uncertainty,” Employment Director Andrew R. Stolfi said. “Both of our trust funds are healthy and stable, and we remain committed to operating these programs as efficiently as possible to minimize the impact on employers.”

Employers can view their specific 2026 rate information in their Frances Online account. The department has also mailed each employer their annual notice of the new rates.

2026 Unemployment Insurance Tax Rate

The department uses a formula established by Oregon statute to calculate the annual payroll tax rate. Most Oregon employers pay payroll taxes that go into Oregon’s Unemployment Insurance Trust Fund, which is the source of Unemployment Insurance benefits for Oregon workers. Workers do not contribute to this fund or to their unemployment benefits.

Oregon will remain in Tax Schedule 3 for 2026. The taxable wage base – the maximum amount of wages subject to Unemployment Insurance taxes – is based on the annual average wage in Oregon. OED uses a statutory

formula to calculate the annual average wage, which tends to rise annually, largely due to inflation.

Following the increase in Oregon’s annual average wage, the taxable wage base will rise **4.4 percent** in 2026, from \$54,300 per employee in 2025 to **\$56,700**:

Year	Tax Schedule	Taxable Wage Base	% change
2025	3	\$54,300	--
2026	3	\$56,700	+4.4%

For new employers (those with less than 12 months of reported payroll), the Unemployment Insurance payroll base tax rate will remain at **2.4%** for 2026.

“The fact that we are able to keep the same tax schedule next year, even as the unemployment rate has been rising slowly, is a testament to how well Oregon’s system works compared to other states,” Stolfi added. “As a self-balancing fund, Oregon’s Unemployment Insurance Trust Fund is one of the healthiest in the country.”

The goal of the statutory formula is to reach a balance between revenue and expenditures, where the state takes in about the same amount of money in taxes as it pays out in Unemployment Insurance benefits. The trust fund balance also earns interest, which helps keep employers’ tax rates lower.

2026 Paid Leave Oregon Contribution Rate

The Paid Leave Oregon contribution rate for 2026 will remain at 1%. The four-year-old trust fund continues to cover benefits as well as the administrative costs to run the program.

Both employers and employees pay contributions to the Paid Leave Oregon Trust Fund, which provides benefits for Oregon workers. Employees pay 60 percent of the rate and employers (with 25 employees or more) pay 40 percent.

The level of subject wages for Paid Leave Oregon contributions, set by the annual [Social Security taxable maximum wage](#) amount, will rise 4.7 percent to \$184,500 of wages per employee in 2026, also generally due to inflation.

Year	Contribution Rate	Taxable Maximum Wage	% change
2025	1%	\$176,100	--
2026	1%	\$184,500	+4.7%

“Local businesses are the heart of Oregon’s economy, so we want to make it as easy as possible to manage their payroll reporting and employee benefit requests,” Stolfi said. “We are here to help employers through every step of this important process.”

The overall UI tax and Paid Leave Contribution rates for 2025 and 2026 are posted on the Employment Department website at employers.oregon.gov.

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About Unemployment Insurance

Oregon’s Unemployment Insurance Program supports people and communities when facing economic uncertainty. For those who are unemployed through no fault of their own, the temporary, partial wage replacement offers financial security while seeking new work. Benefit payments also soften the local economic shock caused by layoffs and help keep skilled workers in their communities. Benefits come from Oregon employers’ payroll taxes, not workers’ paychecks. Learn more at unemployment.oregon.gov.

About Paid Leave Oregon

Paid Leave Oregon provides temporary, paid time away from work so employees can have financial security when experiencing significant life events. Covered events include welcoming a new child, recovering from a serious health condition, caring for a family member with a serious health condition, or addressing issues related to sexual assault, domestic violence, stalking, or harassment. Paid leave benefits help Oregonians stay connected to their jobs and maintain financial stability during these major personal events. Learn more at paidleave.oregon.gov.

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