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Oregon Unemployment Insurance tax rates will decrease in 2027

Employment Department estimates that employers could save up to $172.7 million

SALEM, Ore. — The Oregon Employment Department (OED) has announced that Unemployment Insurance (UI) tax rates will be lower in 2027, while the contribution rate for Paid Leave Oregon will remain at 1 percent. Oregon will move down from Tax Schedule 3 to Tax Schedule 2 for UI, which OED estimates will collectively save employers up to $172.7 million next year.

“Considering the continuing economic strain and uncertainty facing Oregon businesses, we are glad to see the Unemployment Insurance payroll tax decrease,” Employment Director Andrew R. Stolfi said. “Oregon’s Unemployment Insurance and Paid Leave programs play an important role in supporting workers and the economy more broadly, and we will continue to do everything we can to operate these programs as efficiently as possible.”

In March 2026, OED released a 101-item action plan to improve customer service and the state’s workforce mission. More information on that plan, including progress in achieving its goals, can be found on the agency website.

Employers can view their specific 2027 rate information in their Frances Online account. The department has also mailed each employer their annual notice of the new rates. The overall UI tax and Paid Leave contribution rates for 2026 and 2027 are posted on the Employment Department website at employers.oregon.gov.

2027 Unemployment Insurance Tax Rates

Oregon will drop from Tax Schedule 3 to Tax Schedule 2 for 2027. The department uses a formula established by Oregon statute to set the annual payroll tax schedule, which determines the range of tax rates employers pay. Individual rates are calculated by a statutory formula that includes employers' usage of the program.

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 directly to this fund or to their unemployment benefits.

OED will also update the taxable wage base, which is the maximum amount of wages subject to Unemployment Insurance taxes, again based on a formula established by Oregon statute. Changes to the taxable wage base follow changes to the annual average wage in Oregon, which tends to rise annually, largely due to inflation.

The taxable wage base will rise 3.3 percent, from $56,700 per employee in 2026 to $58,600 in 2027:

Year	Tax Schedule	Taxable Wage Base	% change
2026	3	$56,700	--
2027	2	$58,600	+3.3%

For new employers (those without an established payroll history), the Unemployment Insurance payroll base tax rate will fall from 2.4 percent to 2.1 percent.

2027 Paid Leave Oregon Contribution Rate

The Paid Leave Oregon contribution rate for 2027 will remain at 1%. The 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 1% 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 4.2 percent to $192,300 of wages per employee in 2027, also generally due to inflation.

Year	Contribution Rate	Taxable Maximum Wage	% change
2026	1%	$184,500	--
2027	1%	$192,300	+4.2%

OED's Contributions and Recovery Division supports Oregon employers throughout the year and is available to answer questions or provide direct assistance with UI taxes and Paid Leave Oregon contributions.

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

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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.orogon.gov.

About Contributions and Recovery

OED's Contributions and Recovery (C&R) division manages employer payroll reporting and collection of taxes and contributions that fund the Unemployment Insurance (UI) and Paid Leave Oregon programs. C&R determines employer tax liability, performs audits, and provides customer support. The division also supplies critical wage and tax data to internal and external partners, including the Department of Revenue, and recovers unpaid taxes and overpaid benefits. Learn more at employers.oregon.gov.

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