



Associated Oregon Industries

## AOI Testimony on House Bill 3390 House Business & Labor Committee

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AOI opposes the sick leave mandate for all employers with 6 or more employees embodied in HB 3390.

At its core, this is a small business issue. HB 3390 treats small businesses like they are big businesses – as if they are capable of absorbing the same costs and regulatory burdens as a large business.

HB 3390 makes it that much more difficult for small businesses to compete with big business. It also forces an employer to make choices about benefits that may not reflect the wishes or the values of either the employer or the employee. HB 3390 pits sick leave against other employer-paid benefits that employees may value more.

All mandates come at a cost. HB 3390 is no different. While medium and large businesses might be able to absorb these costs (most already have paid sick leave policies), small businesses can't without re-arranging benefits, payroll, or other expenditures. The reality is, if a small business could afford these benefits, they would offer them.

A small business will have the following options: (1) Raise prices, (2) Cut costs, or (3) Reduce net revenue. Given the competitive pressures facing small companies, the likeliest outcome is that small employers will pay for the mandate by trimming its own vendor costs, trimming payroll, trimming profit margins, cutting re-investment into the business or making HB 3390 a zero-sum game with other fringe benefits. This is no way to grow an economy.

AOI also opposes HB 3390 because it puts Oregon on a regulatory island. Not only does HB 3390 make it harder for small business to compete with big business, but it makes it harder to compete with small businesses in other states that don't have such mandates.

Oregon already has a decidedly "pro-employee" tilt to its workplace policies. Oregon has the most expansive family leave laws in the country. Oregon's generous employer discrimination and accommodation laws apply to even the smallest businesses. We have the 2<sup>nd</sup> highest minimum wage in the US. Oregon businesses also pays the highest unemployment taxes in the country to support the unemployed.

Despite these policies, high unemployment persists in our state and average wages are still 10% below the national average.

HB 3390 hurts Oregon's small businesses. We ask that you resist the urge to pass this mandate that small business cannot afford.