

OREGON SMALL BUSINESS ASSOCIATION
Promoting and Defending Oregon's Business Owners and Employees

June 20, 2013

Senate Finance and Revenue Committee
900 Court Street NE
Salem, OR 97301

Chair Burdick, Vice-Chair George and Members of the Committee,

Small and family businesses are the engines that drive Oregon's economy. In fact, from 1993 to 2009, such businesses generated 65% of new jobs nationwide.¹

Creating a separate, 7 percent tax rate for small and family businesses would offer needed tax relief and certainty. This would incentivize new start-up businesses, encourage existing small and family businesses to relocate to Oregon and stay here, and enable small and family businesses already here to expand and hire more workers.

Oregonians desperately need more jobs. At 17.2%, Oregon's U-6 underemployment rate is the third highest in the nation.² Unfortunately, Oregon's burdensome tax and regulatory climate needlessly hampers small business growth. In fact, the Small Business and Entrepreneurship Council ranks Oregon as the 11th worst tax system for small businesses in the nation.³

Between state and federal taxes, Oregon entrepreneurs face a top marginal tax burden dangerously close to 50%, which stifles the type of capital reinvestment and rapid growth essential to creating jobs. Because many small businesses operate on a razor-thin margin, a relatively small rate reduction would significantly improve Oregon's tax climate.

A 7 percent tax rate for Oregon small and family businesses would catalyze a small business renaissance. The resulting economic growth would add the living-wage jobs Oregonians need and generate new tax revenue to fund critical public services like education and public safety. Oregon can do better. It is time to act.

The Oregon Small Business Association urges you to adopt the Small and Family Business Tax Rate in the amendments before you today.

Warmest Regards,

T.J. Reilly, President
Oregon Small Business Association

¹ United States Small Business Administration, *Frequently Asked Questions* (accessed June 19, 2013), available at <http://www.sba.gov/sites/default/files/sbfaq.pdf>.

² United States Bureau of Labor Statistics, *Local Area Unemployment Statistics: Alternative Measures of Labor Underutilization for States, Second Quarter of 2012 through First Quarter of 2013 Averages* (last modified April 26, 2013), available at <http://www.bls.gov/lau/stalt.htm>.

³ Small Business and Entrepreneurship Council, *Business Tax Index 2012: Best to Worst State Tax Systems for Entrepreneurship and Small Business* (2012), available at <http://www.sbecouncil.org/uploads/BTI2012FINAL.pdf>.