

March 1, 2013

Testimony to Senate Finance and Revenue Committee

RE: SB 326- Extending and Improving the Oregon Earned Income Tax Credit

Chair Burdick and committee members,

My name is Lee Mercer, Director of the Main Street Alliance of Oregon. We are a statewide network of small business owners. We currently have about 1200 businesses on our roster, and are building a statewide leadership circle of small business owners.

We are here speaking today in support of SB 326

In Main Street Alliance of Oregon's September report, *Taking the Pulse of Small Business*, a majority of 401 Oregon businesses surveyed responded "more customers" to the question "What do you believe small business owners need most to create jobs and help get the economy back on track?" And what do customers need most to support businesses in their communities? More dollars in their pockets!

This year, as Oregon state legislators, you have the opportunity to make sure that a quarter of a million Oregonians have more spending money in their pockets to spend in local communities by renewing and strengthening Oregon's Earned Income Tax Credit (EITC).

This will have important benefits for small businesses and communities throughout Oregon:

- Working families will have more money to cover basics such as groceries, rent, utility bills and car repairs. These dollars are spent in local businesses.
- EITC spending reaches communities in every legislative district across our state.
- Low-income workers will be better able to cover work-related costs such as transportation and child care, thereby strengthening our workforce.
- Many small business owners themselves who file for taxes as individuals receive the EITC to help support their families, educate themselves and keep their businesses alive and growing. More than 14 percent of filers with small-business income claim the EITC.

I have submitted a letter of support for SB 326 signed by 22 Main Street small business owners statewide. Here are a few comments they shared on the importance of the Earned Income Tax Credit as they signed on this letter:

From a farmer in rural Clackamas County:

- *It is a "win-win." It provides basic necessities for families who are unable to fully provide those things for themselves and precisely because these families so badly need this boost, the monies they receive go immediately into local economies giving the economy a boost. Better fed and clothed kids, more jobs—a no-brainer!*

From a small business owner in the Columbia Gorge:

- *I have had situations where my income was compromised and the earned income credit program was a huge benefit to me and my family. It is not necessary for me now but as a stop-gap or safety net it was a lifesaver.*

From a jewelry store owner in Eastern Oregon:

- *I live in rural Oregon where these benefits have a magnifying effect. The EITC brings more circulating dollars into the local economy.*

From a gift store owner in Eugene:

- *Oregonians are struggling to keep our local economies afloat. Let's help working parents and families circulate money here in our local communities by securing important tax credits.*

From the owner of a small town appliance store:

- *Many years ago I was a single mom. I received the EITC and it helped me in many ways to improve my family life. Please keep helping the hard working people in this great country.*

From the owner of an arts and crafts store in Yamhill County:

- *We run a business which works with many customers who are re-entering the workforce, in physical therapy, are only able to be partially employed and who struggle to make gainful employment pay for their basic needs. They make for some of our most loyal customers, as they appreciate the specialized attention, solutions and service local small businesses provide. EITC lays out a path for working families to become a vital part of the local economy.*

As you can see, from Main Street small business owners around the state, we are hearing strong support for extending and improving the Oregon Earned Income Tax Credit.

We thank you for your work and urge you to support SB 326.

The **MAIN STREET**
Alliance of Oregon

a big vision for small business

March 1, 2013

To: Oregon State Legislators
From: Main Street Alliance Business Owners

Re: Renew and strengthen the Oregon EITC – HB 2477 and SB 326

What will prompt small businesses to create jobs and help get the economy back on track? Having “more customers,” according to a recent survey of small business owners.

And what creates a customer? Having money in working families’ pockets.

This year, as Oregon state legislators, you have the opportunity to make sure that a quarter of a million struggling Oregon families have money in their pockets to spend in their communities by renewing and strengthening Oregon’s Earned Income Tax Credit (EITC). The credit, which helps low- and moderate-income working families, is scheduled to expire at the end of 2013.

Main Street Alliance of Oregon asks you to extend and provide a meaningful boost to Oregon’s state EITC by raising it from 6 to 8 percent of the federal credit, as recommended in Governor Kitzhaber’s budget.

This will benefit small businesses and communities throughout Oregon:

- Working families will have more money to cover basics such as groceries, rent, utility bills and car repairs. These dollars are spent in local businesses.
- EITC spending reaches communities in every legislative district across our state.
- Low-income workers will be better able to cover work-related costs such as transportation and child care, thereby strengthening our workforce.
- Many small business owners themselves who file for taxes as individuals receive the EITC to help support their families, educate themselves and keep their businesses alive and growing. More than 14 percent of filers with small-business income claim the EITC.
- In conjunction with the federal EITC, Oregon’s EITC will continue to serve as part of our nation’s most effective program for lifting working families out of poverty.

The following Oregon small business owners urge you to renew and strengthen Oregon’s Earned Income Tax Credit, the tax credit for working families.

Yours Respectfully,

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Jim Houser, Hawthorne Auto Clinic, Portland
Joan Kleban, Greater Goods Inc, Eugene
Jon Riegel, Jack of All Beads, LLC, McMinnville
Jose Gonzalez, Tu Casa Real Estate, Salem
Leta Barclift, Pioneer Electric, The Dalles
Mark S Kellenbeck, BrainJoy LLC, Phoenix

Mike Nagle, Uppercut Barber Shop, The Dalles
Nancy E Bahr, Found Objects, McMinnville
Michael Barthmus, Doppio Coffee & Lounge,
Hood River
Nancy Newell, Oregon Green Energy Coalition,
Portland
Rex Hagans, Hazelnut Grower, Oregon City
RJ McHatton, Inventive Productions, Bend
Robert Harris, Harris Law Firm, Hillsboro
Steve Hanrahan, Mirador Community Store,
Portland
Steve Robinson, Decision Metrics, Eugene
Tamra Hart, Two Harts Photography, Salem

TAKING THE PULSE OF OREGON SMALL BUSINESS

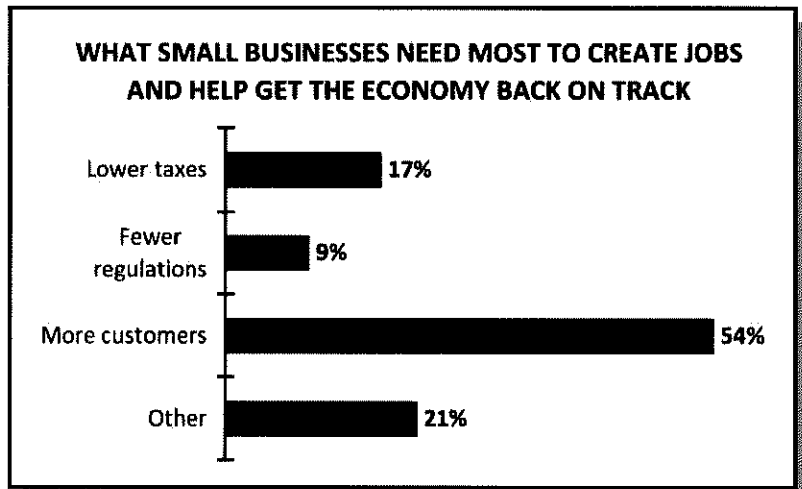
Main Street Alliance of Oregon – September 2012

Report Summary

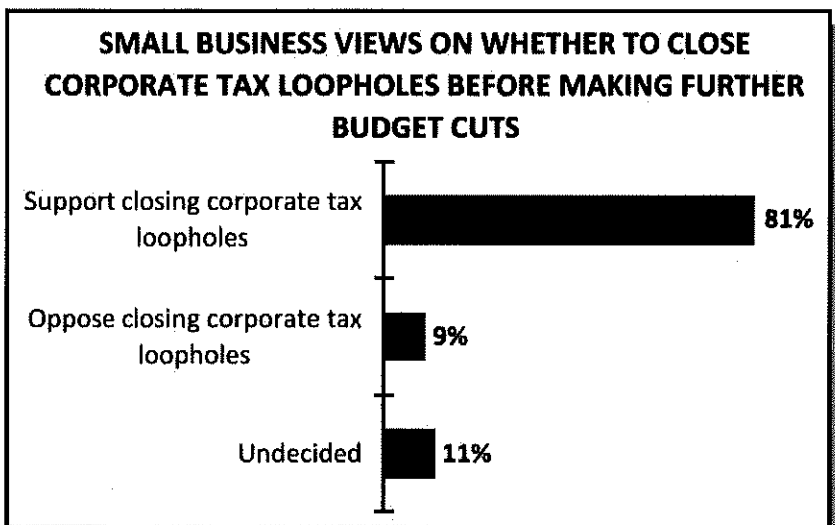
The September 2012 *Taking the Pulse of Oregon Small Business* report is based on a survey of 377 small business owners across Oregon. Most surveys were collected through face-to-face interviews with small business owners in their businesses. Key findings from the survey include:

THE ECONOMY, ACCESS TO CREDIT, AND TAXES:

- **Oregon small business owners believe what they need most is more customers:** Asked what small businesses need most to create jobs, 54 percent of responding business owners said more customers. Only 17 percent said lower taxes and only 9 percent fewer regulations.



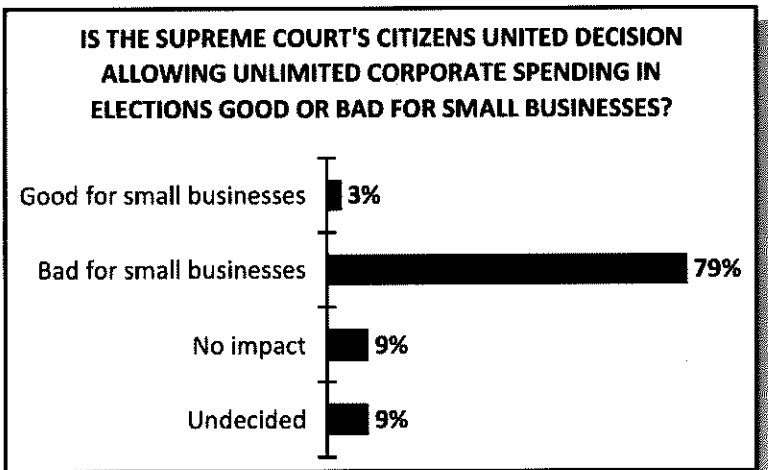
- **Small business owners across Oregon continue to face challenges with access to credit:** 21 percent of respondents reported they have been turned down for a loan in the past year. Additionally, 21 percent reported deciding not to seek a bank loan because they were discouraged, and 10 percent reported having a line of credit called in.
- **Oregon small business owners believe big corporations aren't paying their fair share of taxes and support closing corporate tax loopholes:** 77 percent of respondents said big corporations are paying less their fair share of taxes. In addition, 81 percent support closing corporate tax loopholes to increase revenues before making further budget cuts.



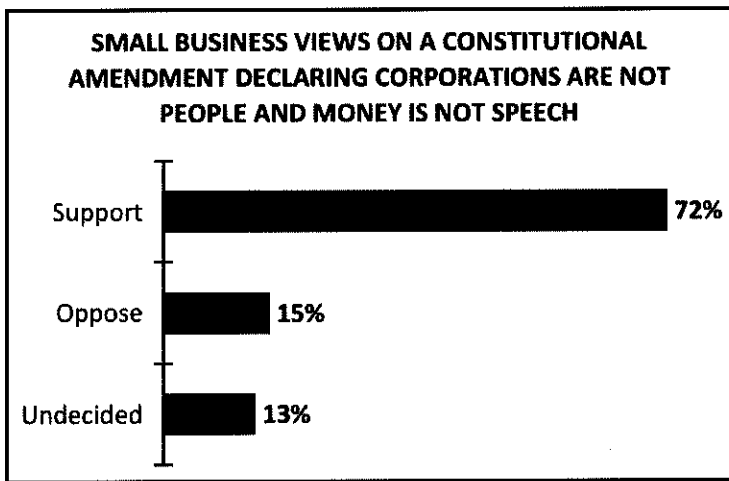
- **Small business owners across Oregon see the housing crisis hurting consumer spending and the economy:** 92 percent of respondents said they believe the current condition of the housing market is negatively impacting consumer spending and slowing the recovery of the economy.

POLITICAL SPENDING AND ELECTORAL REFORM:

- **Oregon small business owners are concerned about unlimited political spending in elections:** Asked if the Supreme Court's *Citizens United* decision freeing corporations to spend unlimited money in elections was good, bad or has no impact for small businesses, 79 percent of respondents said it was bad for small businesses.



- **Oregon small business owners support a constitutional amendment on political spending:** 72 percent of respondents support a constitutional amendment declaring that corporations are not people and money is not speech.



- **Oregon small business owners support other electoral reforms to limit the influence of money in politics:** 88 percent support new rules requiring all publicly traded companies to disclose all of their political spending, including direct spending and indirect spending through third party groups. 58 percent support reforms to fund elections without relying on wealthy donors and corporate money.

WORKPLACE BENEFITS AND ADMINISTRATION:

- **Oregon small business owners see their workers as family and want to treat them right:** 79 percent of respondents agreed that small business owners see their workers as family and want to treat them right, including offering benefits like health care and paid time off.
- **Oregon small business owners are unaware of the controversial E-Verify employment verification system:** 59 percent of respondents had not heard of the E-Verify system. About 40 percent thought mandatory use of E-verify by all employers would be bad for small businesses.

The Main Street Alliance of Oregon will meet with lawmakers in the coming months to explore options for job creation, improving access to capital, leveling the playing field on taxes, electoral reform, and other policy solutions to address the small business challenges and priorities reflected in this survey.

Contact: Lee Mercer, Main Street Alliance of Oregon, lee@mainstreetalliance.org or 831-818-8247