



The Voice of Oregon Banking • Since 1905

June 19, 2017

The Honorable Mark Hass
The Honorable Phil Barnhart
Co-Chairs, Joint Committee on Tax Reform
900 Court St., NE
Salem, OR 97301

Re: House Bill 2830

Dear Co-Chair Hass and Co-Chair Barnhart:

On behalf of the Oregon Bankers Association (“OBA”) and our membership of state and national banks who serve Oregon’s communities, we appreciate the opportunity to offer written testimony on House Bill 2830 currently before the committee. We do not support HB 2830 and the -3 amendment that includes a “commercial activity tax” or “gross receipts tax”.

Banks, as financial service partners, are in a unique position to understand the impact of such taxes on Oregon families and businesses. It is vital that we closely consider the adverse impact a gross receipts tax can have on the economy and job creation in Oregon. As proposed in HB 2830, such a tax would be detrimental to both Oregon businesses and Oregon families.

The proposed gross receipts tax places an unfair burden on high volume, low margin businesses. By taxing receipts instead of profits, unprofitable businesses, including start-up business trying to establish themselves, are subject to a tax that more profitable businesses may not pay. Moreover, the tax creates a “pyramiding” effect in which each step of production performed by a different business is subject to the tax. The impact of a sizeable gross receipts tax – as proposed in HB 2830 – would make many Oregon products less competitive. Furthermore, the proposed tax is regressive and will hurt low-income individuals and families by making every day products and services more expensive for those who can least afford it.

Last year, our state engaged in an expensive and contentious fight over Ballot Measure 97 that would have imposed a gross receipts tax on businesses. Oregonians emphatically voted “no” on that proposal, and many of the same concerns with Measure 97 are applicable to the gross receipts tax proposal before you today.

While Oregon should engage in a robust discussion related to tax reform, that discussion should take place after the session and not in its closing days. Moving forward with a far-reaching overhaul to our tax code should not be undertaken in a rush to balance the budget this session.

The Oregon Bankers Association and our members are committed to growing Oregon’s economy and helping Oregon businesses and families thrive. We respectfully ask you to reject HB 2830 and the -3 amendment.

Thank you for the opportunity to comment on this important issue.

Very best regards,

A handwritten signature in black ink that reads "Linda Navarro". The signature is fluid and cursive.

Linda Navarro
President & CEO
Oregon Bankers Association & Independent Community Banks of Oregon