



HB 2060 Hurts Oregon's Construction Industry

HB 2060 will have a substantial impact on Oregon's construction industry by raising taxes on small construction companies.

HB 2060 restricts the use of small business pass-through entity tax rates that were an essential part of the 2013 Grand Bargain. Specifically it removes the ability for small construction businesses to use the pass-through entity (PTE) tax rate. At the same time, it keeps all of the tax increases associated with the Grand Bargain.

Oregon's homegrown construction industry looks like this:

Pays a good family wage averaging \$55,876 annually • Most companies employ 20 people or fewer • 37,500 licensed contractors operating today in every corner of Oregon • The construction industry employs approximately 89,400 people

HB 2060 excludes virtually ALL of Oregon's homegrown construction companies from the benefits of these PTE tax rates. According to the Legislative Revenue Office, the PTE tax rate had an annual impact of \$17.7M for the construction industry. HB 2060 eliminates this benefit for the small construction companies that pay good family wages and employ thousands of Oregonians. The impact is:

- For small businesses with income **up to \$250,000**, HB 2060 repeals the 7% tax rate and replaces it with a 9% tax rate – a **28.5% tax increase**
- For small businesses with income **between \$250,000-500,000**, HB 2060 repeals the 7.2% tax rate and replaces it with a 9.9% tax rate – a **37.5% tax increase**
- For small businesses with income **between \$500,000-\$1M**, HB 2060 repeals the 7.6% tax rate and replaces it with a 9.9% tax rate – a **30.3% tax increase**

This change to the PTE tax rates would begin for the 2017 tax year, harming the construction companies that built their financial plans for 2017 with these existing rates in mind. This retroactive implementation will undermine these small construction companies.

We urge your NO vote on HB 2060.

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