

# Oppose SB 1528 A

## No higher taxes for Oregon's homegrown Main Street businesses

As a result of the recent enactment of the federal Tax Cuts & Jobs Act, American small businesses achieved a major victory – a 20% deduction on business income for pass-through entities to help keep them competitive with the new 21% corporate income tax rate enjoyed by their C-corp competitors.

### But that's not all that the Tax Cuts & Jobs Act did for Oregon's small businesses.

Because Oregon bases state income taxes on **federal taxable income**, not only did Oregon's small family businesses receive a federal tax cut, but they also received an automatic state tax cut – amounting to \$182 million in 2018 and over \$1 billion through 2023.

But now, even before state economists have determined the full impact of federal tax reform on Oregon's income tax revenues, the Oregon Legislature is considering SB 1528 A, **a bill that would negate these significant tax savings – and further raise taxes on Oregon small businesses** by making severe changes to the state's own pass-through entity tax rate structure, known as the Small Business Tax Cut, passed in 2013 as part of the "Grand Bargain".

Senate Bill 1528 A **eliminates five of the Small Business Tax Cut's six brackets and their respective rates**, disqualifies certain industries entirely – specifically professional services and health care, and attempts to offset these tax increases by adding sole proprietorships to the list of pass-through businesses that can qualify for the Small Business Tax Cut (*a provision that the business community would support on its own*) and by increasing Oregon's personal exemption credit for low- and middle-income Oregon families.

The problem is – any tax savings that individual sole proprietorships would receive under the bill would be negligible, if any, when compared to the **tax savings they would lose from the negation of the state income tax cut that pass-through businesses currently have** as a result of the recent change in the federal tax code – and they would still need to opt-in to Oregon's Small Business Tax Cut policy by meeting certain requirements, like having one, year-round, full-time employee – provisions that are not required under the new federal law.

**The net effect SB 1528 A is not revenue-neutral.** In total, SB 1528 A is a bill for raising \$81 million in the current biennium – and hundreds of millions in new revenue over the next several years by raising taxes on Oregon's small businesses. In 2018, small businesses will pay a price-tag of \$212 million. **By 2023, small businesses will have paid over \$1 billion in state income taxes that would not otherwise be imposed on them but for SB 1528 A.**

Please join with Oregon's small business and oppose this unnecessary legislation.

**Please VOTE NO on SB 1528 A.**