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Senate Committee on Finance and Revenue
Oregon State Capitol
900 Court Street, NE
Salem, OR 97301

Re: SB 211
Tax on pass-through entity income

I am writing to support SB 211 to reform ORS 316.043 (relating to the tax rates on income from pass-through entities).

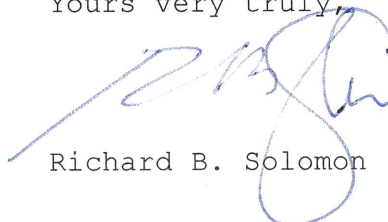
By way of background, I am a Certified Public Accountant who has practiced in Portland for over 40 years. I previously testified before your committee regarding the PTE reduced tax rate on February 6, 2018, February 16, 2017 and September 21, 2016.

Originally, ORS 316.043 was promoted as a means to create jobs. But it is expensive and inefficient; the program does not actually require employers who benefit from the reduced tax rate to actually increase employment. Since enactment, the provision has cost the State of Oregon hundreds of millions of dollars with little measurable benefit.

While the 2018 legislature made changes to ORS 316.043, the provision still unfairly favors some businesses solely on their form of legal structure, advantaging sole proprietors, S-Corps and partnerships over C-Corporations. And there is no justification for taxing wealthy business owners at a lower rate than their employees. Plus, recently enacted new IRC 199A now provides generous federal tax benefits to business owners.

While ORS 316.043 should be repealed in its entirety, SB 211 is an improvement because it reduces the revenue loss. The legislature could better use those funds to address pressing state needs, like education, health care and infrastructure improvements.

Yours very truly,



Richard B. Solomon