

LEPIGEON



Canard

Date: 4/18/2019

To: Joint Committee on Student Success

RE: Position statement on HB 2019

Chairs Roblan and Smith Warner, Vice Chairs Knopp and Smith, and members of the Committee:

My name is Andrew Fortgang and I am the co-owner of Le Pigeon, Little Bird Bistro and Canard restaurants in, Portland, Oregon and a member of Main Street Alliance. My businesses employees 90 employees collectively, and each one of them is an important part of the business. I care for them and their families. I am also a parent with two kids at Rieke Elementary, and believe in the important role public education plays for kids and our community. That's why I applaud the Oregon State Legislature for their efforts to find solutions to Oregon's deeply underfunded education system.

I am supportive of HB 2019 because truly small businesses with less than \$1M in gross receipts will see a hundred and fifty dollar decrease in their tax burden and that's good for micro businesses but the portion of this proposal that sets it apart, and that is a necessity for small and medium size businesses, is the ability to deduct 25% for inputs and payroll. This just makes sense for those with small margins and high product costs. Labor dependent industries like the one we are a part of have very small margins, making the gap between gross revenue and the net income very wide. People think we sell food, but more than that we sell craftsmanship and service.

Without the ability to make a deduction for payroll this tax could be downright punitive for businesses like mine. For instance, Le Pigeon grossed \$2.2M, our payroll was \$842K, and our net income was \$291K. Little Bird, another of the 3 restaurants grossed \$2.7M, paid \$1.1M in payroll, and actually lost money last year. Situations like that are not unique to my restaurant, nor to other small businesses be they construction, or other labor heavy businesses. The 25% deduction for labor and inputs is the least the committee can do to make this tenable for smaller businesses. I would ask that the community insert a mechanism that excludes businesses that did not show a profit from this tax, otherwise, frankly, it kicks people when they are down. Further I believe that large corporations should pay a higher share, just like high income individuals are expected to. Perhaps .49% on revenue above \$1M but less than \$4M, .65% on revenues between \$4M and \$7M, and .75% on revenues above that. It seems the tax burden to raise the \$2B is falling on the shoulders of small business who can afford it least, and who are the backbone of Oregon's economy.

As a small business owner, I don't mind paying my fair share in taxes because I know that well funded schools, means happy, healthy communities. It's time for deep, equitable and sustainable investments and the committee's "Student Success Act" is a good step in the right

direction. However, I believe the proposed revenue package still does not hold the largest corporations accountable and continues to put the burden on Oregon's working families.

Sincerely,

Andrew Fortgang
Le Pigeon, Little Bird Bistro, & Canard
Portland