



Be bold... Be business... Be Beaverton.
BEAVERTON AREA CHAMBER OF COMMERCE

Chair Nathanson and Members of the Committee:

The Beaverton Chamber of Commerce is a broad-based business organization representing over 6,000 businesses with 85,000 tax paying jobs in our area. We are the catalyst, convener and connector in Beaverton working tirelessly to bring businesses, government and community together to support the growth and long term health of the place we call home. We recognize and support the state's need to address and resolve the affordable housing crisis.

Despite our support of finding long term sustainable solutions for the affordable housing crisis, the Beaverton Chamber is submitting this testimony in opposition to HB 4164.

HB 4164 appears to be an attempt to funnel money to a problem without a strategic and comprehensive plan. HB 4164 requires a portion of the funds raised through a new income tax to be directed to programs or projects for "individuals who are homeless or at risk of experiencing homelessness." It provides the metropolitan service district (Metro) with the authority to impose an income tax at a rate of up to 2%.

Here are just some of the other new taxes that have been imposed on Oregonians and residents of the Portland Metro area in the last several months:

- \$1 billion per year corporate activity tax,
- 1% Portland gross receipts tax (clean energy surcharge),
- An additional payroll tax to fund a paid family leave program
- New health care taxes to fund the state's Medicaid program.

The cumulative impact of these new taxes, and others on the drawing board, including Metro's announced plans to ask voter approval for new transportation taxes in the fall. As well as the Governor's desire to add new property transfer taxes to pay for affordable housing initiatives through the Governor's HJR 203 and the Speaker's advocating for \$60 million in new finding for "unsheltered Oregonians". We have multiple new potential revenue streams in front of you that are all chasing the same noble cause without a clear plan to deliver results. Now is not the time to further increase the financial burden of living and working in Oregon by adding yet another income tax without a solid strategic focus with compelling response to intervention data.

The Beaverton Chamber absolutely agrees that we must come together to address the pervasive issue of homelessness, not just in Beaverton or the Portland metro area but in communities all over this state. We are respectfully asking for a pause. Businesses and individuals have not yet absorbed new taxes already approved and we need a better plan for results not just more tax burden for the citizens.

While comprehensive tax reform would be ideal for a long-term sustainable solution, we unfortunately find many of our elected officials, at every level, looking to simply add new taxes for passion projects, that are great attention grabbers, and often lack a plan for effective implementation. We are already implementing a new affordable housing initiative that was funded with new revenue and yet only AFTER the initiative was passed was anyone willing to talk about needed wrap around services to keep the plan from failing.

On February 7, 2020, in an interview by Bob Heye of KATU with Portland Metro Council's President, Lynn Peterson, the reporter asked Ms. Peterson, (in reference to a voter's attitude) "I'm going to vote on this but I won't necessarily have to pay the tax. Is that an equitable situation?" He was referring to the new income tax on people making over \$125,000. There seems to be a growing trend in our state to increase taxes with an assumption that it is only directed at "business" or the wealthy. In addition to taxes that have an inequitable burden on a group of citizens. Many of these same citizens, are our Beaverton Chamber Members. In order to balance the burden of taxation, these citizens have to consider decisions that cut to the core of their very existence. We have business owners that must weigh reducing staff, closing locations, or abandoning expansion initiatives all with the result of eliminating living wages in our area due to the sheer volume and collective weight of the taxes without a tie to a plan for effective results and accountability. These are businesses that WANT to invest in new jobs and increase wages but can't, because they are seen as big pockets that can endure tax after tax without consequence. This is an onerous assumption. In order to be a competitive state that drives industry and supports the migration of new citizens seeking opportunity as well as a unique quality of life, taxation must be done thoughtfully and with great consideration as to the real and far reaching impacts.

Just last week, economists from the Oregon Office of Economic Analysis testified that the state's revenue collections continue to outpace what they had projected in prior forecasts. As a result, they increased their projection of net available resources for the 2019-2021 biennium by \$174 million relative to the December 2019 forecast. This isn't an unusual event but instead part of a recent trend. Projected net available resources for the state are up \$649 million from the close of the 2019 legislative session forecast. We are not only generating record revenue, but economists continue to raise their expectations of the amount of tax revenue we will continue to generate in the future. It appears that revenue is not the issue. Innovative, data driven, sustainable solutions that give all Oregonians opportunity to grow, live and thrive should be our driving focus.

For these reasons, we urge the committee not to advance HB 4164 and to consider the cumulative impact of recent tax increases and the potential duplicative nature of this and other legislative proposals this session. We have the time and money to pursue big dreams and accomplish great things in Oregon. We need a true collaborative approach and strong leadership to achieve what we are capable of as a state. We need you. Thank you for your consideration.

Very truly yours,

Lorraine Clarno, CEO

Keith Wright, Board Chair

Stephen Smelley, BAC Chair

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