



Testimony on HB 4202

Joint Committee on the First Special Session of 2020

June 24, 2020

Good morning co-Chair Courtney and co-Chair Kotek, I am Dan Miner a liquor store owner with stores in Portland and Gladstone.

I am testifying to urge your support for an amendment to HB 4202 related to the Corporate Activity Tax and to exempt commission earned by liquor agents. The commission is only 9.03%, and many agents like me, earn significantly less due to the compensation structure. Liquor agents thought there was an exemption in the previous CAT bills, but my CPA indicated some uncertainty in the revised language. We contacted Mazen Malik in Legislative Fiscal Office who we had worked with last session. His outreach to the Department of Revenue confirmed that we have a problem. This just came to a head in the last couple of weeks.

We worked last session to ensure that our sales were not subject to the CAT because we cannot adjust our prices for the cost of the tax. Other businesses are able to increase their costs to pay the CAT but we cannot increase the cost of liquor. The prices are set by the OLCC, not by individual stores. The price of a

Since I have two stores, I must combine the revenue for CAT purposes. While not taxed on total liquor sales, I am concerned about the tax on commission which is set by the legislature. When the commission is combined with other item sales, many stores will surpass the \$750,000 threshold. We do not think our sales commission should be subject to the tax. Adding this new tax will challenge my ability to maintain competitive wages, adequate staffing, and being able to provide benefits like medical and dental insurance.

I recognize that Oregon is facing budget issues due to COVID, however, Oregon Liquor stores have remained open and continue to generate revenue for the state, counties and cities. In fact, we have generated millions of dollars of revenue above forecast during the past several months – you might consider this as payment in full for corporate activity.

I urge your support for an amendment to fix this problem for Oregon's struggling liquor stores.

Thank you for your consideration and service during this trying time.