

Date: February 3, 2021

To: Chair and Members of the Committee on
From: Scott Bruun, OBI
RE: OBI Testimony in Opposition to SB 137 -1

Chair and Members of the Committee:

Thank you for the opportunity to submit written testimony on this important issue for Oregon Business & Industry members. OBI is Oregon's largest business association representing approximately 1,600 businesses that employ nearly 330,000 people. We represent multiple sectors and serve as the state's Retail and Manufacturing Councils.

OBI strongly opposes disconnection from the Federal Tax Code, especially efforts to disconnect from the bipartisan Federal CARES Act and the critical benefits that the CARES Act provided struggling Oregon businesses, as the -1 amendment to SB 137 would do.

Every business in the State of Oregon has been affected by the economic fallout caused by the pandemic. Work slowed down, work was sidelined, work went away. And sadly, at its worst, many businesses have simply had to close and will not be coming back. At the peak of all this, back in April of last year, there were nearly 300,000 Oregonians out of work due to the pandemic and all the business slowdowns or mandated closures.

The business aspects of the CARES Act were passed on a bipartisan basis to help businesses weather this storm. It was designed on a bipartisan basis to give businesses a little bit of time to get on their feet, to provide the liquidity to stay open and keep people employed.

Part of this means allowing businesses that have losses, especially losses related to COVID, the tax benefit of those losses. Some are calling those CARES Act loss benefits a loophole. Well, it's emphatically not a loophole, it's a lifeline. By definition if you are a business that is losing money, you likely don't have the liquidity or cash to sustain operations and keep people employed. The loss benefits of the CARES Act at least allows additional liquidity to sustain operations for a time. Time to get back on your feet until this crisis is behind us.

The -1 amendment to SB 137 raises business taxes at a time when businesses are struggling. But we think it's very important for the committee to fully understand exactly which businesses this amendment raises taxes on: it raises taxes on those very businesses that have struggled the most and who have had the hardest time during this crisis. The businesses that have lost and are losing money, including the businesses –

like gyms and restaurants – who were mandated to close and lose money out of public safety and health concerns.

Thank you.

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