

I am a CPA in private practice in McMinnville, Oregon. I have many business clients that received PPP loans, which are nontaxable on their federal tax returns.

According to information received I understand that this bill, SB 137-2, would require forgiven PPP loan amounts in excess of \$100,000 be added back as "taxable income" for Oregon businesses that used the program exactly the way it was intended. It is an unfair, retroactive tax increase on Oregon businesses at time when Oregon is already projected to bring in more revenue than ever before. The Legislative Revenue Office estimates this unnecessary tax increase will cost Oregon businesses \$450-\$600 million.

I am also understanding from my Chamber of Commerce Association that states that: "Oregon does not need the money. The May Revenue Forecast was incredibly strong, projecting a \$2.8 billion positive ending balance. This amounts to a \$1.1 billion increase from the March Revenue Forecast and a \$2.3 billion increase from the 2019 Close of Session Forecast. The state has also been allocated \$2.6 billion in direct financial aid from the Biden Administration's American Rescue Plan Act of 2021, in addition to ARPA funds for local jurisdictions.

Given this, there is no budgetary justification for tax increases of any sort, including taxation of forgiven PPP loans."

There are many Oregon businesses that have been in need of PPP loan amounts and are still recovering from restrictions re COVID -19 and will continue to recover over the next several years. It is unconscionable that the legislature would add this burden to Oregon businesses five months after the end of the tax year, especially since most of them have already filed and paid their Oregon tax and had no way to even anticipate this additional tax burden since there has been very little discussion related to it.

I want to add my testimony opposing this tax bill, for all my clients and for all Oregon businesses affected.

Thank you,
Elizabeth Penrose, CPA, LLC