

Date: February 3, 2021

To: Chair and Members of the House Committee on Revenue  
From: Scott Bruun, OBI  
RE: OBI Testimony in Opposition to HB 2839

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**Chair and Members of the Committee:**

I am Scott Bruun, Director of Tax & Fiscal Policy for Oregon Business and Industry, or OBI. OBI is the state's largest business trade association with over 1,600 members who employ more than 330,000 Oregonians.

Respectfully, we strongly oppose HB 2839 or any efforts to disconnect from the bipartisan Federal CARES Act and the critical benefits that Act provides for struggling Oregon businesses.

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 that provide that work have simply had to close and will not be coming back. At the peak of all this, last year, there were nearly 300,000 Oregonians out of work due to the pandemic and all the business slowdowns and mandated closures.

The business aspects of the CARES Act were passed on a bipartisan basis to help businesses weather this generational economic storm. In the U.S. senate, where it seems like they can't find agreement on anything, the CARES Act passed 96-0.

The Act was designed to help every American business. Designed to give American businesses a little bit of time to get back on their feet, and to provide the liquidity and flexibility to stay open and keep Americans employed.

Part of this means allowing businesses that have losses, especially losses related to COVID, the tax benefit of those losses. By definition, if a business has lost or is losing money – say maybe a restaurant or gym that was mandated to close – it likely would not have the liquidity or cash to sustain operations and keep people employed.

The loss benefits of the CARES Act provide businesses a little additional liquidity and cash to sustain operations. It provides a little time, along with other tools like PPP loans, for businesses to get back on their feet until this crisis is fully behind us.

HB 2839 is a tax increase. And given, as we first reported last Fall, that business taxes are already set to rise \$1.8 billion by 2022 when tax measures passed in 2019 are fully phased-in, we should be very careful.

Worse, HB 2839 is a tax increase on those very businesses that have struggled the most and who have had the hardest time during this crisis. It's a tax increase on businesses that have lost and are losing money, including those gyms and restaurants, which were mandated to close and forced to lose money out of public safety and health concerns.

Let me conclude by asking a question: How many? How many struggling businesses would this tax increase effect? We know that in a "normal" year, there are between fifteen to twenty-thousand filers who file a net operating loss. But this is anything but a normal year. In a year that may be the worst since the Great Depression, how many will have lost money? Thirty-thousand? Forty-thousand? We don't know, and we won't know until people start filing.

However many it is, let's not make it worse for them. Please say 'No' to HB 2839. Thank you.

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