

Date: February 25, 2021

To: Chair and Members of the House Committee on Revenue  
From: Scott Bruun, OBI  
RE: OBI Testimony in Opposition to HB 2604

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**Chair and Members of the Committee:**

Good afternoon Chair Nathanson, Vice Chairs Pham and Reschke, and Revenue Committee members – my name is Scott Bruun, and I am Director of Tax and Fiscal Policy for Oregon Business and Industry. OBI is a member-led business trade association which has over 1,600 members that employ more than 330,000 of our fellow Oregonians.

I am testifying today in opposition to HB 2604 in its current form.

First, let me say that there are some really valuable pieces to this bill. It is certainly beneficial in that it lowers tax rates for partnership businesses that have lower pass-through income levels. Most of the businesses that would benefit from this reduction are smaller businesses, but it's not just small businesses. Even larger businesses with lower operating margins or which have struggled more during the COVID pandemic would benefit from the lower rates. OBI supports this aspect of the bill.

OBI also strongly supports lines 29-33 on Page 2 of the printed bill. These provisions create added flexibility for employers and employees; and should make it slightly easier for small partnership businesses to qualify for pass-through rate benefits.

In fact, the only part of the bill OBI opposes is the part that raises rates for partnership businesses with pass-through income above \$500,000. Given the challenges of COVID borne by businesses of every size; and given - as OBI has reported before - that every Oregon business, partnership or not, will already be experiencing a 41% increase in their overall taxation by 2022 when tax measures approved in 2019 are fully implemented, this is not the time to raise taxes again.

Chair Nathanson, committee, we oppose the bill in its current form, but would look forward to working with you on amendments that removed the tax increase elements.

Thank you.

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