

Submitter: JL Wilson
On Behalf Of: Oregon State Chamber of Commerce
Committee: Senate Committee On Finance and Revenue
Measure: SB140

Dear Chair Meek and members of the Senate Finance & Revenue Committee -

Thank you for making the good faith effort to explore raising the CAT exemption for smaller employers. This is a primary policy objective of the Oregon State Chamber of Commerce and we have testified numerous times to that fact.

SB 140 with the -3 amendment is not an amendment that OSCC could support. The benefits are too few (and likely temporary) and both the increase in the CAT rate and the decrease in the payroll/COGS deduction are tax increases that would live forever and hurt Oregon's competitive position.

Part of the problem is that -3 amendment combines issues that shouldn't be combined. The proposed exemption of business income stemming from Medicare/Medicaid payments is a standalone issue that quite frankly should be addressed on its own and should not be subject to a "revenue neutral" requirement as it is a mistake that should have been considered and fixed when HB 3427 (2019) was originally passed. As it stands in the -3 amendment, this is being considered a "tax cut" that needs to be paid for in the tax rates of all companies grossing more than \$10 million or the reduced COGS deduction for all business taxpayers over \$2 million gross. OSCC objects to this.

At this time, our recommendation is to fix this issue for the health care community as a standalone issue without the need for a revenue neutral approach and come back over the interim to see if any consensus can be reached on a broader proposal that would include an increased CAT exemption for small businesses.

Respectfully submitted,
JL Wilson
Oregon State Chamber of Commerce