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June 23, 2023

To: The Senate Committee on Finance and Revenue
From: Anthony K. Smith, National Federation of Independent Business
Re: NFIB Written Testimony in Support of HB 2083 A

Chair Meek, Vice-Chair Boquist, and Members of the Committee:

On behalf of the thousands of Oregon small business members of the National Federation of Independent Business, I would like to express NFIB's support for HB 2083 A, which proposes an extension of a voluntary Oregon income tax program that allows qualifying business owners to reduce their federal income tax liability with no revenue impact to the state.

In 2017, the United States Congress passed into law the Tax Cuts and Jobs Act (TCJA). Among many other provisions, the TCJA limited a taxpayer's ability to deduct state and local taxes (SALT) to \$10,000. For business owners in Oregon, this change had a significant impact on federal tax liability and reduced the overall benefit of the 2017 tax reforms for these taxpayers.

Since that time, the IRS issued guidance on how states can legally allow a SALT cap workaround. Along with most states with an income tax, Oregon responded in 2021 with the passage of SB 727, which included a two-year sunset of the program. Since all personal income tax provisions of the TCJA automatically expire at the end of 2025, an additional two-year extension would allow Oregon businesses to continue to utilize the state's SALT cap workaround until it is no longer necessary.

Please note that HB 2083 A does not create a new tax, nor does it create a new credit – it simply extends an existing tax program for the next two years that helps Oregon businesses reduce their federal tax liability with no revenue cost to the state.

NFIB respectfully asks you to support HB 2083 A.

Thank you for your time and consideration,

A handwritten signature in blue ink, appearing to read "Anthony K. Smith".

Anthony K. Smith
NFIB Oregon State Director