



Date: Feb 14, 2023

To: Chair and Members of House Revenue Committee

From: Scott Bruun, OBI

RE: Testimony in support of HB 2549 /Bonus Depreciation and business interest expense

Chair Nathanson and Members of the Committee:

I am Scott Bruun, director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Thank you for the opportunity to testify in support of HB 2549. We are grateful to Vice Chair Reschke for sponsoring the bill, and you Madame Chair for scheduling a hearing on the bill.

HB 2549 is an important bill that will protect and improve the financial competitiveness position for Oregon enterprises, especially those enterprises which are growing and investing in machinery and equipment. HB 2549 would disconnect Oregon from two aspects of the 2017 federal Tax Cuts and Jobs Act. Specifically, HB 2549 would disconnect Oregon from the part of the 2017 Act which phases out bonus depreciation, and the part that limits the deductibility of business interest expenses.

Disconnecting from these provisions will be beneficial to Oregon's job creators. For example, bonus depreciation - the ability to fully expense the costs of certain capital investments - is a valuable tool to help manufacturers invest in job-producing, growth-creating machinery and equipment.

Most other states already have an advantage over Oregon in this area in that most other states have some form of capital expenditure tax credit. Oregon does not, which is why immediate expensing for those sorts of machinery and equipment purchases is so important.

Similarly, the ability to fully expense business interest is an important tool for businesses that require some form of debt to capitalize their growth.

HB 2549 is a positive way for the legislature to support and strengthen the business climate in Oregon, especially for those enterprises that are investing and growing. We urge your support.

Thank you.

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