

To: Senate Committee on Finance and Revenue  
Re: Support of SB 1542

SB 1542 increases the exempt amount and filing threshold for purposes of the corporate activity tax. Exempts reimbursements for certain health care services, including care provided to medical assistance recipients and to Medicare recipients. It also increases the exempt threshold to \$5 million.

The Corporate Activity Tax (CAT) taxes activity instead of profit. Hence, corporations must pay the CAT regardless of the availability of profits from which to pay the tax. Also we already have a profit tax on these corporations. The CAT is a dodge to avoid tax-payer control over taxation. It is a de facto sales tax in a clear contravention of our constitutional prohibition of sales taxes.

This small change to the current law is a step in the right direction of reducing the unfair burden to Oregon businesses and will help protect small and struggling businesses.

I urge you to support SB 1542.

Thank you for your consideration.

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