



Date: February 12, 2024

To: Chair and members of the Senate Finance and Revenue Committee
From: Scott Bruun, VP Government Affairs, OBI
RE: Support for SB 1542 / CAT Threshold and Medicare-Medicaid Exemptions

Good afternoon, Chair Meek and members of the Committee. Thank you for the opportunity to testify in support of SB 1542.

My name is Scott Bruun, and I am the VP of Government Affairs for Oregon Business & Industry, or "OBI." OBI is a statewide business association representing businesses from a wide variety of industries 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. OBI's primary mission is to strengthen the business climate in Oregon.

OBI supports raising the CAT payment threshold from \$1 million of corporate activity, to \$5 million. Raising this threshold would greatly reduce the overall tax burden on small businesses in Oregon. With several years of experience with the CAT, we know that actual revenues to the state far exceed initial forecasts. Based on 2023 data, raising the payment threshold to \$5 million would exempt over 70% of current CAT filers while only impacting 6.5% of collected CAT revenues. Raising the threshold would help small businesses in Oregon to grow, hire, and compete. Raising the threshold would also ease the state's cost burden to collect and audit the program in exchange for a relatively small reduction in CAT revenue collected.

We also strongly support exempting reimbursements to medical and dental providers for Medicare and Medicaid services. The unfortunate fact is that Medicare and Medicaid formulas often only pay a portion of the actual costs incurred by providers, and providers can only make up those losses through their commercial insurance practices. This cost challenge is much more acute in rural Oregon where the mix of Medicaid and Medicare patients to commercially insured patients is proportionately higher. Insufficient Medicaid and Medicare reimbursements, coupled with provider CAT liabilities on those reimbursements, are factors that serve to reduce and hamstring care options for rural Oregonians.

Exempting those reimbursements is a good and necessary policy change for rural Oregon. We strongly urge your support of SB 1542.

Thank you.
Scott Bruun
scottbruun@oregonbusinessindustry.com