



HB 4052 Tax Credit for de Novo Banks

House Committee on Revenue – John Calhoun – 2.04.2025

My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

For much of our nation's history, local community banks have been integral to our economy and social structure. They are especially important for small business and agricultural loans. However, the number of local banks nationally and in Oregon has been declining for decades and has dropped almost in half nationally over the past twenty years.

Because community banks play a special role in our economy Tax Fairness Oregon supports HB 4052. We believe that this very limited tax credit will cost the state very little in lost revenue. The potential payoff in economic growth to the state by successful local banks will more than offset this lost revenue over time.

We had two concerns when we first looked at this bill. First is whether the language in the bill is restrictive enough that only new local banks can take advantage of this credit. The bill specifically rules out the formation of a new bank from an existing bank. The fact that an eligible bank also must be a bank chartered in the state also means that there is a very specific door to this credit that further limits abuse.

Our second concern is that this bill could be used as a precedent for a future bill exempting a much broader group of business start-ups from getting a similar tax break. We think it is important to the state that banks, which are highly regulated and critical to our whole economy, are in a unique situation and this is not an approach that should be considered for startup businesses in other industries. I say this as someone who has been involved as a partner or investor in many start-ups. We think it is helpful that the sponsors of this bill have emphasized the uniqueness of the role of community banks and that their situation is not applicable to the thousands of new businesses in other industries that are started every year in Oregon.

We support the passage of HB 4052.