NFIB
The Voice of Small Business.

Oregon

February 23, 2015

House Revenue Committee, 1:00 PM, HR A

Re: HB 2164 – Tax Compliance Certificate Requirement in License Issuance

Representing 7,000 small business owners throughout the state of Oregon, NFIB Opposes HB 2164.

HB 2164 has several troubling factors:

- HB 2164 would require certain licensees to demonstrate and maintain tax compliance as a condition of issuance or renewal of their professional licensure. This bill would impact at least 1 million Oregonians who rely on their professional licensure to maintain employment. The bill would set up additional requirements for all licensees due to the bad actions of a few.

  See Project Overview from September 2012 testimony on HB 3082 below which reported that only about 3% of the subject licensee group was non-compliant. Additionally see that about 48% of the 6,596 licensees in this project could not have their subjectivity determined due to issues of out of state licenses, name confusion or filing incorrectly or other factors. (see highlighted area below). This demonstrates the complexity of this implementation and the resulting problems that could threaten the ability of a business, and/or their employees that require licensure, to continue their business while the compliance issue gets sorted out. This is a tremendous regulatory threat to small businesses and jobs.

  "Overview of Phase II Project (September 13, 2012)

  - **Timeline -** September 2011 through July 2012
  - **Withholding Tax Program** only (2008, 2009 and 2010)
  - **Tax compliance information only** – no license suspension or non-renewal process
  - **6,596 Licensees**
    - Board of Architect Examiners – 613 licensees
    - Plumbing Board – 1,489 licensees
    - Department of Agriculture – 4,494 licensees
  - **Compliance Check Results**
    - Licensees subject to the Withholding Tax Program – 3,457
    - 3,341 licenses or 96.6% in Compliance Rate
    - 116 licensees or 3.4% out of Compliance Rate – 1.8% of 6,596 subject licensees

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• Licensees where we could not determine subjectivity – 3,139* * Out of state licensees, possible non-filers, licensee registered with board under one name but filing returns under a different name, licensee no longer doing business in Oregon, licensee filing incorrectly, etc. "

- HB 2164 would set up a new state technology project as well as a communications campaign at the expense of all taxpayers. It would require state agencies, boards and commissions to revoke or suspend licenses of those deemed not to be tax compliant. Revoking or suspending licenses would clearly endanger the ability of the taxpayer to remain employed, making it even more challenging for the individual to pay back their taxes. Setting up barriers to licensure and removing a person's ability to be employed are not the way to ensure tax compliance.

- The Oregon Department of Revenue currently has the authority to suspend a business from transacting business in severe cases of tax non-compliance. We believe the department should use the authority at hand for the few bad actors rather than grow government on the back of taxpayers and add burdensome, threatening regulations upon small businesses . We have been polling our members since 1973 and without exception over-regulation continues to be at the top of small business concerns that restrict growth. A September 2012 Forbes article reported that 55% of business owners said they would not start a business in today's environment and 69% reported regulations have harmed their business. A 2011 Gallop poll cited regulations as the single greatest problem that small businesses face.

  The list of licensing agencies affected is significant in number. To name a few of the more active licensing requirements: apprenticeships, child care, collection agencies, construction contractors, consumer finance, cosmetology licenses, doctors, nurses, EMT's, electricians, engineers, food/beverage service, insurance, landscapers, mortgage lenders, plumbers, real estate and securities brokers/sales/offerings.

For the cost to tax payers, potential loss of production output, potential job loss, the regulatory burden upon small businesses and employees and the fact that the Department of Revenue can currently go after the small percentage of non-compliant tax payers – NFIB urges a "NO" vote on moving HB 2164 forward.

Thank you.

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