



## **Taxpayers Association of Oregon**

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February 4, 2021

### **SB 137 -1 amendments are a backdoor tax increase on businesses**

To: Chairwoman Burdick, members of the Senate Committee on Finance and Revenue  
From: Shawn Cleave, Spokesperson for the Taxpayer Association of Oregon

The Taxpayer Association of Oregon respectfully submits this memo in opposition to the policy introduced in the -1 amendments to SB 137. We have no objection to the underlying bill (a regular housekeeping tax policy bill).

Despite the current debate over what constitutes a “tax,” the amendment will have the effect of raising taxes on small businesses in Oregon. The amendment to SB 137 is a tax increase.

- **Last year Oregon was rated the 6<sup>th</sup> biggest job loss state per virus death. This means our businesses are hurting more deeply than 44 other states.**
- **Oregon, as of today, remains only two states where businesses remain mostly closed according to the New York Times. Oregon cannot endure the double hit of prolonged shutdowns, worse than 48 states, while simultaneously stripping them of their COVID relief programs.**

Right now, small businesses are struggling the cash flow as a result of the pandemic crisis, and the broad policies adopted in response. It is very important to remember that some or all of the losses incurred by these businesses are a result of mandated closures or mandated curtailment of operations due to the COVID pandemic. The Taxpayer Association of Oregon supports maintaining a full connection to Federal CARES Act.

We believe the adoption of the policy outlined in the -1 amendments (in this, or any other bill) will have a negative revenue impact in the long run. Forcing more small business to lay off more employees or close their business all-together. As a result, income tax and Student Success Act tax collections will be reduced, and more Oregonians will be enrolling in unemployment benefits and other social safety-net programs.

We recommend moving SB 137 as originally drafted. Adopting the underlying connection to the federal code soon will provide certainty for taxpayers and small business owners.

Now is not the time to raise taxes, especially on those businesses that are incurring losses due to COVID. Please oppose the -1 Amendment to SB 137.