



Oregon Society of Certified Public Accountants

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March 22, 2021

To: Hon. Senator Ginny Burdick, Chair
Senate Committee on Finance and Revenue

From: Sherri L.D. McPherson, IOM, CAE, President/CEO
Oregon Society of CPAs

Re: Opposition to SB 726

Dear Chair Senator Burdick, Vice-Chair Senator Boquist and Members of the Committee:

On behalf of the Oregon Society of CPAs, I am writing you in opposition to Senate Bill 726, that creates a taskforce to analyze taxes on services at the local level. Oregon currently does not have a general sales tax and this proposal would conflict with the state's longstanding tradition of not taxing goods and services. Though this is just a study bill, we do have concerns moving forward if taxes on services legislation would become actual legislation during the 2022 legislative session.

The Oregon Society of CPAs is the largest member association representing the accounting profession in Oregon with over 4100 members. Our members advise clients on federal, state, and international tax matters and prepare income and other tax returns for thousands of Oregonians. Our members provide services to individuals, not-for-profit organizations, and business of many sizes including small, medium, and large-sized businesses. We take pride in the work our members do throughout Oregon.

Over the last several years, thirty-two states introduced 106 pieces of legislation that proposed taxing professional services, and none passed. No localities, to our knowledge, have introduced any legislation to tax services. Policymakers in these states saw that these proposals would have a negative impact on their state's economy and potential growth. Minnesota, Michigan, Florida, and Massachusetts passed service taxes, and all were quickly repealed by the legislature, oftentimes before enactment. Florida, for example, cited that the measure was repealed because it put in-state businesses at a competitive disadvantage to out-of-state counterparts. Looking across the country at potential legislation, taxes on services fail continually to gain any real support. Additionally, no industrial state levies taxes on services, as the economic impact outweighs the appetite of lawmakers for this type of legislation.

The Oregon Society of CPAs recognizes that raising revenue for local governments to support a strong and balanced state budget is an ongoing process that constantly requires the reassessment of current taxing structures. However, we urge you not to pass Senate Bill 726 that would study such tax structures.

Taxing services is not the answer for local governments in Oregon just as it was not the answer for the states that we highlighted above that considered services and ultimately rejected it.

Thank you for your consideration. If you have any questions, please do not hesitate to contact me at smcpherson@orcpa.org or by telephone at 503-597-5480.

c: Rob Douglas, RPD Company

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