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April 7, 2021

To: The House Committee on Energy and Environment  
From: Anthony K. Smith, National Federation of Independent Business  
Re: NFIB Written Testimony in Opposition to HB 2021

**Chair Marsh, Vice-Chairs Helm and Brock Smith, and Members of the Committee:**

On behalf of the thousands of Oregon small business members of the National Federation of Independent Business, many being the smallest of small businesses, I would like to share with you our concerns with HB 2021 – and ask that you stand-up for small businesses by opposing this legislation.

Please keep in mind that NFIB represents thousands of small businesses in every industry of Oregon's private sector, and although 90% of our members have fewer than 25 employees – and 70% have fewer than 10 employees, the small businesses we represent account for over 60,000 Oregon jobs.

Small-business owners depend on energy supplies at globally competitive prices to operate and effectively run their businesses. According to [NFIB's national Energy Consumption survey](#), energy costs are one of the top three business expenses in 35% of small businesses.

Small companies use energy for several business-essential purposes. The primary energy cost:

- For 38% of small firms is operating vehicles
- For one-third of small firms is heating and/or cooling
- For one-fifth of small firms is operating equipment.

HB 2021 will make living and working in Oregon more expensive – even for those Oregonians lacking the ability to pay more for electricity. As energy costs rise, small-business owners are not always able to adjust the price of their goods and services quickly enough (if at all) to match potentially steep energy cost increases without hurting their customer base. For example, most owners cannot afford to buy new, more energy-efficient equipment if current equipment still has useful life. They are effectively caught in a dilemma that only time and/or good fortune can change.

Most of the problems that businesses struggle with are similar, regardless of whether the business is structured as a C-corporation, S-corporation, limited liability company, partnership or sole proprietorship. Energy costs, however, are an exception. While [NFIB's 2020 quadrennial Small Business Problems and Priorities report](#) shows that tax and regulatory-related problems are similarly ranked across most legal categories, sole proprietors and partnerships assessed "Electricity Costs (rates)" as a more severe problem than the other forms of business. The difference in rank is likely due to the heavy influence of agriculture in these two legal designations.

Of the top 75 small businesses issues included in the report, "Electricity Costs (rates)" was ranked 16<sup>th</sup> overall. This category ranked 14<sup>th</sup> for Proprietorships, 15<sup>th</sup> for Partnerships, 19<sup>th</sup> for C-corporations, 20<sup>th</sup> for LLCs, and 22<sup>nd</sup> for S-corporations.

Another key difference in how businesses rank their most-pressing challenges is based on size, both in revenue and employee count. Cost-related problems disproportionately affect smaller businesses more than larger ones due to economies of scale. Smaller businesses lack the purchasing power of larger businesses and are less able to absorb unexpected changes in business costs. For example, "Electricity Costs(rates)" are much more of a burden for the smallest compared to the larger businesses. Newer and smaller firms have often not yet reached the peak of their market share, thus their energy cost per dollar of sale has not yet been fully optimized.

Additionally, a business owner's gender had an impact on the rankings. While equally male/female-owned businesses ranked "Electricity Costs (rates)" 15<sup>th</sup>, and male-owned businesses ranked this category 18<sup>th</sup>, businesses owned by women ranked electricity costs 13<sup>th</sup> – five spots higher than their male-owned counterparts, likely due to industry sector and number of employees.

Whatever the cost to the average Oregonian, the cost of HB 2021 for small-business families will be even more severe. Our members will pay once for their household energy needs – and then a second time to keep their businesses running.

It is critical for Oregon's small businesses to have access to affordable and reliable supplies of energy to remain competitive. For these many reasons, NFIB asks you to oppose HB 2021.

Thank you for your time and consideration,



Anthony K. Smith  
NFIB Oregon State Director