

SB 137-2 would require forgiven PPP loan amounts in excess of \$100,000 be added back as "taxable income" for Oregon businesses that used the program exactly the way it was intended. It is an unfair, retroactive tax increase on Oregon businesses at time when Oregon is already projected to bring in more revenue than ever before. The Legislative Revenue Office estimates this unnecessary tax increase will cost Oregon businesses \$450-\$600 million.

Oregon does not need the money.

The May Revenue Forecast was incredibly strong, projecting a \$2.8 billion positive ending balance. This amounts to a \$1.1 billion increase from the March Revenue Forecast and a \$2.3 billion increase from the 2019 Close of Session Forecast. The state has also been allocated \$2.6 billion in direct financial aid from the Biden Administration's American Rescue Plan Act of 2021, in addition to ARPA funds for local jurisdictions.

Given this, there is no budgetary justification for tax increases of any sort, including taxation of forgiven PPP loans.