



February 22, 2021

**BOARD OFFICERS:**

**2021 CHAIR:**

GIOIA GOODRUM  
McMinnville Area Chamber

**CHAIR ELECT:**

LAURA EDMONDS  
North Clackamas County  
Chamber

**SECRETARY/TREASURER:**

BETTINA HANNIGAN  
Florence Area Chamber

**PAST CHAIR:**

VONNIE MIKKELSEN  
Springfield Area Chamber

**BOARD MEMBERS AT  
LARGE:**

JUSTIN AUFDERMAUER  
Tillamook Chamber

LISA FARQUHARSON  
The Dalles Area Chamber

TOM HOFFERT  
Salem Area Chamber

ELI MATTHEWS  
Medford/Jackson County  
Chamber

DEBI MOLLAHAN  
Tigard Chamber

STACY PALMER  
Silverton Chamber

CHERI ROSENBERG  
Pendleton Area Chamber

ERIC SANDE  
Redmond Chamber

LYNN SNODGRASS  
Gresham Area Chamber

Dear Chair Burdick and members of the Senate Finance & Revenue Committee,

Thank you for the opportunity to write today to express our opposition to the SB 137 -1 Amendment.

The Oregon State Chamber of Commerce represents 86 local chambers of commerce and more than 27,000 local businesses from every corner of the state. These local businesses are the life-blood of their communities and Oregon's economy.

OSCC is supportive of SB 137 as introduced, but we are opposed to the -1 amendments. In response to the coronavirus pandemic and ensuing economic shutdowns, the United States Congress acted to bring cash flow and liquidity to individuals, families and businesses.

The CARES Act authorized Economic Impact Payments for individuals and families and made significant temporary changes to the federal tax code to help immediately monetize tax losses to bring urgent cash and liquidity to businesses facing closure and economic loss and uncertainty.

Congress additionally extended PPP and EIDL loans to businesses and added \$600/mo in weekly unemployment benefits to those laid off due to the effects of the pandemic.

The -1 amendments would deny Oregon businesses corresponding tax relief on their state income tax returns that would otherwise be due to them. In short, the -1 amendments to SB 137 take away much needed cash flow to Oregon businesses that are depending on that cash flow.

Not in their wildest dreams would they have envisioned the State of Oregon taking away in part what the Federal government extended as a lifeline to businesses facing unprecedented shutdowns and economic uncertainty.

The -1 amendments would disconnect Oregon from three parts of the CARES Act: the temporary elimination of the \$500,000 business loss limitation, the net operating loss provision which allows businesses to apply current losses to past tax years, and the increase in business interest deduction.

OSCC disagrees with emerging talking point that the business loss limitation is only for "the richest 1%." This ignores business reality that business income does not simply flow through to the owners' personal bank accounts. As a matter of course, money is routinely left in the business for operating expenses, payroll and investment.



OSCC also notes that businesses use debt for any number of reasons including operations and capital expenses. In fact, it may have been more likely that debt was used during the pandemic to keep businesses as intact as possible. Congress recognized this. Wouldn't the Oregon legislature regard this as a desirable outcome? Why punish it?

The combined effects of these key features the CARES Act allow for the immediate monetization of business losses through the tax code. Oregon should be a partner in this effort!

The -1 amendments would cost Oregon businesses \$83.9 million in the current biennium and \$32.6 million for the 21-23 biennium, based current LRO estimates. Oregon businesses have suffered gravely over the course of the pandemic. A \$115 million tax hike is really inconceivable and unnecessary.

It's unnecessary because Oregon is expected to glean \$4 billion of a \$350 billion state aid package currently being moved through Congress. The amount is more than enough to fill current budget gaps in the Oregon general fund.

There is no good reason to pass SB 137 with the -1 amendment. It is a poke in the eye to struggling businesses that have shouldered the lion's share of costs associated with the pandemic. It is also unnecessary due to the \$4 billion dollars anticipated coming into the state of Oregon from the federal package currently being drafted.

OSCC opposes SB 137 with the -1 amendment.

Respectfully,

A handwritten signature in black ink, appearing to read "Gioia Goodrum".

Gioia Goodrum  
OSCC Board Chair

A handwritten signature in blue ink, appearing to read "JL Wilson".

JL Wilson  
OSCC Legislative Counsel