

The Truth About Disconnecting from the CARES Act **NO** on HB 2839 and SB 137-1

BIPARTISAN LEGISLATION CREATED TO HELP STRUGGLING BUSINESSES

The U.S. CARES Act was passed in 2020 on an **overwhelmingly bipartisan** basis (Senate vote was 96-0) to help support businesses struggling with the impact of COVID. The main tax provisions of the Act include a business loss limitation provision, a net-operating loss (NOL) provision, and a business interest limitation provision – all designed to help businesses with liquidity and cash to get them through the global economic crisis.

LEGISLATORS NEED TO UNDERSTAND FULL PICTURE

News coverage of this proposal would have you believe that the tax provisions of the federal CARES Act only benefit wealthy Oregonians, the “top 1%.” **This is untrue.** These stories focus heavily on two provisions of the act which have a greater impact on larger businesses (business loss limitation and business interest), while downplaying the net-operating loss (NOL) provision, which has a big impact on all businesses, including thousands of smaller businesses, in Oregon that have incurred losses due to COVID.

DISCONNECTING WOULD RAISE TAXES ON BUSINESSES THAT LOST MONEY

Disconnecting from the CARES Act would raise taxes at a time when businesses are struggling to stay open and cover payroll. Even worse, the proposal would raise taxes on **the very businesses that have had the hardest time** during this economic crisis -- restaurants, gyms, retailers and others that were **ordered to close** by the governor out of concern for public safety. This proposal would take money away from those businesses at the very time they are struggling to get back on their feet and put more Oregonians back to work.

THOUSANDS OF OREGON BUSINESSES WOULD PAY

Each year in Oregon, between 15,000 to 20,000 businesses claim a net-operating loss. The Legislative Revenue Office has said that number could reach 35,000 for 2020 due COVID. This is a time to help Oregon’s small businesses, not hurt them by taking away tax relief designed to help them get back on their feet. Vote no on HB 2839 and SB 137-1.

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