

We urge you to reject SB 140-3. Don't raise taxes on thousands of Oregon businesses.

SB 140-3 would raise the CAT exemption level from \$1 million to \$2 million, but in doing so would reduce the expense deduction to 30% (from current 35%) for all companies. In addition, SB 140-3 would raise the tax rate for companies with corporate activities greater than \$10 million to .615% (from current .57%). Thousands of Oregon businesses and job creators would pay higher taxes because of SB 140-3.

- This tax increase would pile on top of the already substantial increase in tax burden that Oregon businesses have faced since 2019. According to a 2022 study by Ernst & Young, Oregon businesses have had to contend with a 28% increase in business tax burden (32% increase for Portland-area businesses).
- Companies that became exempt from CAT under this proposal may only get a temporary break. Normal business growth coupled with historically high inflation may quickly push many companies up to or above the \$2million exemption threshold, at which point CAT obligations will be higher as a percentage of activities than they were before.
- SB 140-3, under the false guise of “revenue neutrality,” would set a horrible precedent by allowing tax raising measures to be approved by simple legislative majorities. This flies in the face of the spirit, if not the letter, of Oregon’s 3/5 requirement for tax raising measures. Once this bad precedent is established, there would be nothing to prevent future legislatures from using simple majorities to further raise CAT rates (or any other tax rate for that matter, including personal income taxes, corporate excise taxes, etc.) under the guise of revenue neutrality.

SB 140-3 Creates permanent losers and only temporary winners.

Protect Oregon's employers / Reject SB 140-3

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