

My husband and I own a small manufacturing business headquartered in Marion County.

Much of the equipment we produce has a large sales price and a large cost of inputs, leaving very small margins. We easily reach \$1 million in sales annually. Now with CAT, in addition to paying the government through income tax, property tax, payroll tax, and personal property tax etc., we are taxed as if our revenues were our profits.

Since the CAT was introduced, we have had to build in larger margins. The effect of this has been to pass part of that cost down to our customers, who in-turn pass it to the end consumers.

The majority of our customers are agricultural producers, who are already being hit hard during harvest, when long hours are necessary, and new overtime expenses are stretching them thin. The end result is that we have suffered not only from the higher tax burden, if we don't pass it through, but also from a drastic decrease in orders from already struggling customers.

With this decline in business, and added expenses, related lockdowns imposed on many of our suppliers, we have had to downsize. Thankfully, for now, only through attrition. If the constant pinching of small businesses in Oregon continues, we will be facing layoffs. We would love to do more for our employees, but every time we start to move ahead in a way that we can do that, this state enacts some new tax or regulation that sets us a step backwards.

In my opinion gross receipts taxes of any kind are theft, and the entire CAT should be repealed, if it could. No entity should be able to tax the entire price of anything, without factoring in the cost of the inputs.

A product is not merely the sum cost of its parts. Businesses need to pay labor, insurance and other overhead, including the other taxes previously mentioned. Taxes should never be applied to those input values.

If it is not possible to have a full repeal of this theft, then raising the threshold from \$1million to \$5 million is at least a step in the right direction.

Oregon needs to support its small businesses, not drive them out of the state.

Thank you for your time and consideration,

Annie Kirsch