



Date: February 21, 2023

To: Chair and Members of the Senate Finance and Revenue Committee

From: Scott Bruun, OBI

RE: Testimony in support of SB 45 / Tax Competitiveness Task Force

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Chair Meek and Members of the Committee,

I am Scott Bruun, director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Thank you, Chair Meek and Committee, for hearing SB 45 today, and thank you to Senator Findley for sponsoring the bill. OBI is strongly supportive.

SB 45, at its core, is a bill that would enable and extend important conversations around taxation. This includes conversations about Oregon's tax rates, our tax structure, who pays and who doesn't, how that fits into our larger business climate, and ultimately how it all compares competitively with other states.

The bill, which is part OBI's Growth and Innovation Policy Roadmap for 2023, creates (as you heard) a task force designed to look at these important questions, to weigh all factors, and to report back to the legislature on not only what was discovered, but also provide policy recommendations toward enhancing Oregon's competitive position.

Oregon has a model for this of sorts. During the 2007 Session, the legislature passed what was called the Revenue Restructuring Task Force. It was set up in a similar manner to what is prescribed in HB 45. The mission of that task force, on which I had the honor of serving, was to "promote a stable revenue flow to fund all levels of state and local government; create positive economic benefits for Oregon;

and create a financial foundation that will increase Oregon's ability to compete in a global economy.”

That task force worked well and did, I believe, provide some excellent recommendations to the legislature. Part of the challenge with that task force’s recommendations, however, was that they were delivered just in time for the financial market and housing crash which later became known as the Great Recession. Timing is everything for best laid plans, right?

The charge of the task force that would come from SB 45 is a little narrower, and as such potentially more impactful. Business taxes in Oregon are more complex in 2023 than they were in 2007, and we believe more burdensome. Oregon is not the only state whose taxes have changed over the last 16-or-so years of course, but our research indicates that we are decreasingly competitive or at least decreasingly competitive compared to the western states we most directly compete with for jobs, for investments, for business expansion and for business retention.

The new Tax Competitiveness Task Force would tell us where we may be uncompetitive: maybe that’s in corporate or pass-through rates or tax structure; maybe it’s CAT rates or exemption levels; maybe it’s our structure or rates for estate, capital gains or business property taxes.

The task force would also tell us how we compare with the incentives we do have, like the SIP and enterprise zones; and incentives we don’t have, like an R&D tax credit and an investment tax credit. And we are hopeful that the task force might even fold in other factors influencing Oregon’s competitiveness, like our regulatory system, our educational performance, livability, community safety and vitality.

We encourage you to support SB 45 because we believe the holistic, objective work it will do is essential to the work you do. It will likely confirm some of our collective notions, disabuse us of others, and may very well produce some pleasant insights and recommendations that no one would expect.

Thank you, Chair Meek and Committee. I’m happy to answer any questions.

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