



On behalf of the Canby Area Chamber of Commerce, we hereby submit our stance on **Senate Bill 1542**.

The Canby Area Chamber of Commerce is supports Senate Bill 1542 for the following reasons:

The Oregon Small Business Coalition (OSCC) writes in strong support of Senate Bill 1542, which proposes raising the Commercial Activity Tax (CAT) sales threshold to \$5 million for Oregon businesses. We believe this is a vital policy that will significantly benefit and protect small businesses in our state.

The current CAT threshold of \$1 million captures many small businesses in its net, forcing them to comply with complex tax filing and reporting requirements. This creates a heavy administrative burden that disproportionately impacts these businesses, diverting valuable resources away from core operations and growth.

When you consider a billion dollar corporation may be able to withstand a hefty loss over million dollar and smaller business's annual revenues, the threshold should be increased significantly to accommodate or these businesses will be no more.

Consider a recent example of how a known corporation lost billions in a stock market plummet and to counter this loss they added commercials to their streaming platform to generate another revenue stream and then offer existing customers to pay them a "small monthly fee" to opt out of having to see the commercials that were not in place previously – it is easy to see how losses get passed on to customers. That means customers who pay those fees have less to spend in the economy in general. This butterfly effect can happen with any implementation of legislation if all consequences are not thoughtfully considered.

By raising the threshold to a much higher and more reasonable level, SB 1542 would provide much-needed relief to countless small businesses, allowing them to focus on their core competencies and contribute more fully to the state's economy overall.

When you consider the process of making a product that ends up on store shelves in the retail market. In order to make a product, there may be several pieces of material that are manufactured to make one item. If each of those pieces has a CAT tax added to it as it moves from one assembly area to the next, by the time it gets to the retail market, it may be priced out of the profitability margin.

Similarly, most retailers receive goods through distribution channels that often have 2 or 3 transactions before the end consumer makes the final purchase of said goods. As a result, Oregon retailers could see the gross receipts fee of Commercial Activity Tax applied multiple times on a single item by the time it makes it into the hands of a consumer, and for those small businesses with less than \$5mil in gross sales each year. This is one bill that could help them maintain margins despite all of the other external pressures from rising energy costs, real estate costs, labor costs,

etc. If businesses are not profitable due to “death by a thousand cuts” legislation, there will be little to no taxes to be collected either.

Along that same line of thought, net revenues should be considered rather than gross revenues to have a more accurate picture of what remains after the taxes and other outstanding items may change that amount. This could seriously affect the bottom line of businesses and drive costs up that are, again, passed onto the already struggling consumers.

Beyond these larger issues, more specifically, we applaud the following potential benefits of SB 1542:

Reduced administrative burden: Freeing small businesses from CAT compliance frees up their time and resources, allowing them to invest in growth, innovation, and job creation.

Enhanced competitiveness: By lowering compliance costs, SB 1542 levels the playing field for small businesses, making them more competitive against larger entities.

Economic growth: By freeing up resources and fostering competitiveness, SB 1542 is expected to stimulate economic growth and job creation within the small business sector.

Administrative efficiency: Focusing CAT collection on much larger businesses with greater resources improves the overall efficiency of tax administration.

We urge the committee to move SB 1542 forward favorably. This legislation represents a critical step towards creating a more supportive and equitable environment for small businesses in Oregon, ultimately benefiting both the businesses themselves and the state's overall economic well-being.

Respectfully Submitted,

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