



January 30, 2025

TO: Members of the House Committee on Revenue

FR: Derek Sangston, Oregon Business & Industry

RE: Support for HB 2110

Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters, members of the House Committee on Revenue. For the record, I am Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

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. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in support of HB 2110. HB 2110 is part of OBI's Competitiveness agenda. Through our agenda we are advocating for changes to Oregon law that modernize rulemaking and permitting processes, remove operational barriers that make Oregon less welcoming to businesses, and make Oregon a more affordable state to live and work.

HB 2110 addresses a problem that has recently grown in importance. It is a problem caused by the growing number of income taxes imposed on businesses by local governments. According to an EY study OBI commissioned late last year, local taxes paid by businesses operating in Portland have increased an incredible 82% since 2019. They contribute to Oregon's combined state and local effective business tax burden now surpassing the national average as well as the burdens levied by most of our peer states, especially California and Washington.

To be clear, HB 2110 does not directly reduce that growing tax burden by eliminating any of the taxes levied by a local government. Instead, HB 2110 eliminates the complexity created by those recently enacted taxes by requiring the local governments that impose income taxes to generally conform to Oregon tax law, similar to how Oregon generally uses federal tax law for its own tax code. By requiring local governments to conform to Oregon's tax rules and definitions when it comes to how an income tax is sourced, apportioned, and calculated, HB 2110 would remove a significant operational barrier for businesses, which would create significant savings for businesses who must pay substantial accounting fees just to comply with the current patchwork system.

Without requiring state and local tax conformity, as HB 2110 would, businesses will continue to face the daunting task of complying with inconsistent definitions, outdated rules, and disparate administration of the many taxes to which they are subject. Again, while HB 2110 does nothing

to directly reduce the tax burden borne by Oregon's businesses, it serves as an extremely positive change that signals real support for those businesses and the vital things they do for our state, including providing Oregonians with stable jobs and the tax revenue that funds the government.

I urge your support for HB 2110. Thank you for your consideration.

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