

Submitter: Joshua Dahlenburg
On Behalf Of:
Committee: Senate Committee On Finance and Revenue
Measure, Appointment or Topic: SB707

Dear Chair Meek and Members of the Committee,

I am a local independent pharmacy owner in Winston Oregon, I am writing to express my strong support for Senate Bill 707, which expands Oregon's Corporate Activities Tax (CAT) exemption. The CAT disproportionately burdens pharmacies, jeopardizing patient access to essential medications and healthcare services.

I have seen more and more Pharmacies close each year the pressure we get from insurance companies decreased reimbursements and increased cost from manufactures as well as lack of employees to hire as put large burdens on our services. Increased taxes that we can not recoup and that we are already paying as wholesalers are passing there fees on to us would put many more pharmacies out of business. On every invoice I get from a wholesaler there is a separate line item for Oregon CAT tax fees that we pay to the wholesaler. However I am not able to increase that tax fee and pass it on to my pharmacy customers as 90% of my business is billed to an insurance company that only pays me a contracted rate based on the drug cost. If I was to pay the CAT TAX on all these prescriptions I would end up paying the fees twice with no extra recoupment. Once to the wholesaler to pay there CAT tax fee and a second time to the State to pay for our store. With the price of drugs and the extra dollars this would cost It would either put most small independent Pharmacies out of business or make us change practices and stop selling expensive life saving medications such as Eliquis, Xarelto, most Diabetic injectable meds such as all Insulins, Ozempic, Toujeo etc. The list could go on of medications that we would be better off not dispensing as we general make very little on these brand expensive medications anyway.

With the Current exemption we have we are appropriately paying the CAT tax. For all over the counter out front sales as any retail would pay we are paying the Tax just as any normal business and then being exempt for everything prescription wise that is billed out to insurance companies. We are also paying the CAT tax to our wholesalers as a separate fee. So in effect they are the ones not paying a Tax fee unless they are paying a fee to companies they buy from.

So Once again I ask for the CAT tax exemption to stay for independent Pharmacies most of us are rural area stores that work very hard to support a small community if we can not afford to continue business our local communities will pay the price.

I will leave the following below as a copied form letter as it may explain our situation

better than I can explain. Thank you

community pharmacies are uniquely affected by the CAT. Unlike most businesses, pharmacies cannot set their own prices—these are dictated by pharmacy benefit managers (PBMs) and other third-party payers. Pharmacies must adhere to contractual reimbursement rates and cannot pass additional costs to patients. Meanwhile, drug wholesalers and manufacturers increase prices to offset their own CAT obligations, leaving pharmacies effectively double-taxed:

When purchasing medications from suppliers, and

When dispensing those medications to patients.

This excessive tax burden threatens the financial viability of pharmacies across Oregon. As pharmacies close or reduce hours to stay afloat, patients face dangerous delays in receiving their medications—delays that can compromise health outcomes. A recent Associated Press report ranked Oregon second worst in the nation for patient access to pharmacies. Many rural pharmacies have been designated as Critical Access Pharmacies by the Oregon Health Authority, underscoring their vital role in their communities.

Passing SB 707 is essential to safeguarding pharmacy services for all Oregonians. I urge you to support this bill to ensure that patients—regardless of where they live—can access affordable, timely healthcare.

Thank you for your consideration and leadership on this important issue.

Sincerely, Joshua Dahlenburg