

Dear Chair Meek and Members of the Committee,

As an independent pharmacy owner of two small pharmacies, I am writing to express my **strong support for Senate Bill 707**, which expands Oregon's **Corporate Activities Tax (CAT) exemption**. Pharmacies do not have the ability to absorb this extra tax. It would be the demise of many more pharmacies in Oregon providing essential healthcare services to our communities. **The CAT disproportionately burdens pharmacies**, jeopardizing patient access to essential medications and healthcare services.

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 are required to adhere to contractual reimbursement rates and **CANNOT PASS ADDITIONAL COSTS ON TO PATIENTS** like car dealerships, and other businesses can. We continue to be underpaid on prescription drug reimbursement by PBMs (due to unethical contracts) that leave us struggling to pay staff, maintain business hours, and keep our doors open for business.

When we were originally responsible to pay the CAT tax there were many severe consequences: Bi-Mart Pharmacies closed their doors jeopardizing many rural areas, many other independents closed, our business could not afford to pay the tax either! Instead of closing, we opted to take out a small business loan to cover our costs hoping the State would reconsider this horrible decision. Our drug wholesalers and manufacturers increase prices to offset their own CAT obligations when we can't, leaving pharmacies effectively **double-taxed**:

1. **When purchasing medications** from suppliers, and (2) **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,

Melissa Netland, RPH