



Healthcare Distribution Alliance

HEALTH DELIVERED

February 20, 2025

Oregon State Senate
Committee on Finance and Revenue
900 Court St. NE
Salem Oregon 97301

Dear Chair Meeks, Vice Chair McLane and Members of the Committee on Finance and Revenue:

On behalf of the Healthcare Distribution Alliance (HDA), we are writing in support of Senate Bill 125 which would exempt health care receipts from Oregon's corporate activity tax.

HDA is the national trade association representing 40 primary pharmaceutical wholesale distributors. Every day HDA members work around the clock to safely and efficiently ship over 10 million healthcare products to nearly 330,000 pharmacies, hospitals and other healthcare providers across the nation, including over 3,300 sites of care in Oregon. Distributors operate a unique role in the supply chain. They do not set list prices, determine reimbursements, or play any role in determining the amount patients pay for medicines. Rather, distributors are the logistical experts in the supply chain who ensure products are physically on pharmacy shelves where and when patients need them. Due to the efficiencies achieved by wholesale distributors, HDA members generate up to *\$60 billion in cost savings* each year to our nation's healthcare system while operating on an average net profit margin under 1 percent.¹

Healthcare wholesale distribution is a high-volume, high-value, yet very low margin industry. Studies have shown that Gross Receipts Taxes disproportionately impact the healthcare costs.² Applying taxes within the healthcare system compounds costs throughout the supply chain, thereby increasing the costs for Oregonians. The Oregon legislature has already taken many steps to address high healthcare costs, exempting healthcare receipts from the tax rate would ensure that these efforts are not done in vain.

For these reasons, HDA supports SB 125 and asks the committee to favorably pass the legislation. Please feel free to contact me at Llindahl@hda.org or (303) 829-4121 should you have any questions or need additional information.

Sincerely,

Leah Lindahl
Vice President, State Government Affairs

¹ HDA Research Foundation, *95th Edition HDA Factbook (2024–2025)*, <https://www.hda.org/publications/95th-edition-hda-factbook-the-facts-figures-and-trends/>

² Tax Foundation, *Resisting the Allure of Gross Receipts Taxes: An Assessment of their Costs and Consequences*, <https://taxfoundation.org/research/all/federal/gross-receipts-tax/>