



March 3, 2025

**TO:** Members of the Senate Committee on Finance and Revenue

**FR:** Derek Sangston, Oregon Business & Industry

**RE:** Support for SB 381 and SB 490

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Chair Meek, Vice-Chair McLane, members of the Senate Committee on Finance and 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 both SB 381 and SB 490. By increasing the threshold at which businesses must pay the Corporate Activity Tax (CAT) from \$1 million to \$5 million, SB 381 and SB 490 would provide immediate relief to thousands of small businesses and help Oregon better align with other states imposing gross receipts taxes.

According to the data provided by the Legislative Revenue Office last week, adjusting the CAT payment threshold as provided by SB 381 and SB 490 would exempt over 14,000 of Oregon's smallest businesses from the CAT while maintaining over 93 percent of \$1.2 billion the tax generated for schools during the 2022 tax year. Since 2019, Oregon's business tax burden has increased 77 percent and one of the leading drivers of that growth is the CAT. Increasing the threshold would help small businesses cope with that substantial increase.

By increasing the CAT payment threshold, Oregon would additionally enact similar policy changes other states that levy gross receipts taxes have made to improve their business climates. For example, Nevada levies its Commerce tax on gross receipts over \$4 million and Ohio recently increased the threshold at which its Commercial Activity Tax – the tax on which Oregon's CAT is based – is levied from \$1 million to \$6 million. By matching those states and raising the threshold, Oregon would provide needed relief to small businesses in Oregon and help them to grow, hire, and compete. Raising the threshold would also ease the state's cost burden to collect and audit the program in exchange for a relatively small reduction in CAT revenue collected.

For those reasons, I request this committee pass either SB 381 or SB 490. Thank you for your consideration.

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