



March 4, 2025

Dear Chair Meek and Members of the Senate Finance & Revenue Committee,

My name is Jill Kelly, and I am the President of Koeber's Interiors, a long-standing small business in Beaverton that has proudly served our community for 62 years, founded by my dad. Our family-owned business like many other small businesses in Oregon are significantly impacted by the Commercial Activity Tax (CAT).

The CAT tax places an unfair burden on small businesses like ours. Unlike large corporations that may have the ability to absorb this cost or shift it to consumers, we operate within much tighter margins. The fact that this tax is assessed on gross sales rather than profit is particularly damaging, as it does not account for the substantial costs of doing business. It directly limits our ability to reinvest in our company, fairly compensate our employees, and provide competitive wages and benefits to retain skilled workers in an extremely challenging labor market.

Since its implementation, the CAT tax has negatively affected our business **every single year**. We fall within the 70% of small businesses struggling under this policy, and we firmly believe that change is necessary. That is why we strongly support SB 381, which would increase the exemption threshold for small businesses from \$1 million to \$5 million in gross sales.

Many Oregonians assume that the CAT tax only impacts large corporations, but this is simply not the case. Small businesses like us are a minor fraction of total CAT tax revenues, yet our business is hugely impacted.

The financial strain imposed by this tax has real-world consequences. It limits our ability to invest in growth, create jobs, and provide the best possible service to our customers. If Oregon wants to continue fostering a thriving small business environment, change must happen now. Legislative action is needed to relieve some of the unnecessary pressure placed on local small businesses.

On behalf of Koeber's Interiors and countless other small businesses across Oregon, I urge you to support SB 381 and provide much-needed relief to the backbone of our local economy.

Thank you for your time and consideration.

Sincerely,

Jill Kelly
President, Koeber's Interiors