



Bay Area Chamber of Commerce

...our business is helping your business

Bay Area Chamber of Commerce

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March 4th 2025

Members of the Senate Committee on Finance and Revenue

Oregon State Capitol
900 Court St. NE
Salem, OR 97301

Re: Support for SB 381 & SB 490 – Increasing CAT Tax Exemption for Oregon's Small Businesses

Dear Chair Meek, Vice-Chair Boquist, and Members of the Senate Committee on Finance and Revenue,

On behalf of the Bay Area Chamber of Commerce and our 451 business members serving Coos Bay, North Bend, Charleston and the surrounding areas, I am writing to express our strong support for Senate Bills 381 and 490, which propose increasing the exemption threshold for the Corporate Activity Tax (CAT) from \$1 million to \$5 million. This adjustment is crucial for the prosperity of our state's small businesses and the overall economic health of Oregon.

Current CAT Structure:

- The Corporate Activity Tax currently applies to businesses with taxable Oregon commercial activity exceeding \$1 million, calculated as \$250 plus 0.57% of taxable commercial activity above the \$1 million threshold.

Impact of Proposed Legislation:

- Raising the CAT exemption threshold to \$5 million would exempt over 14,000 of Oregon's smallest businesses from the tax, while maintaining over 93% of the \$1.2 billion generated by the CAT during the 2022 tax year.

Comparative State Tax Structures:

- Other states with gross receipts taxes have higher exemption thresholds. For example:
 - **Nevada:** Exempts businesses with gross receipts under \$4 million.
 - **Ohio:** Recently increased its Commercial Activity Tax exemption threshold from \$1 million to \$6 million.

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Aligning Oregon's CAT exemption threshold with these states would enhance the competitiveness of Oregon's small businesses.

Economic Context:

- Since 2019, Oregon's business tax burden has increased by 77%, with the CAT being a significant contributor.

Given this substantial increase, adjusting the CAT exemption threshold is a strategic move to support small businesses without significantly impacting state revenue.

Small businesses are the backbone of Oregon's economy, driving innovation, providing employment, and fostering community development. The proposed legislation would enable these enterprises to reinvest in their operations, offer competitive wages, and contribute more robustly to local economies.

We respectfully urge you to vote in favor of SB 381 and SB 490 to ensure a thriving economic environment for all Oregonians. Thank you for your leadership and dedication to Oregon's economic future.

Sincerely,



Rosey Thomas
Executive Director
Bay Area Chamber of Commerce