

03/04/2025

House Committee On Revenue
Oregon State Capitol
900 Court St NE
Salem, OR 97301

Re: Opposition to HB2871

Dear Chair Nathanson, Vice Chair Reschkle, Vice Chair Walters and members of the House Committee on Revenue,

I appreciate the opportunity to provide this written testimony in opposition of House Bill 2871. This bill is unnecessary and creates an administrative and financial burden on small businesses. I sat through the public hearing testimony today and I did not hear any evidence of why this bill is needed.

In February 2023 I started my own water resources consulting business and I now have three employees. Our clients consist of large engineering firms, water utilities, cities, law firms, state agencies (not in Oregon) and private clients.

82% of Oregon's economy is driven by small businesses and there are already a lot of burden's put on us. As an example, I have to register with no less than five (5) websites with the State of Oregon to keep my business running and stay in compliance with regulatory requirements – why the State does not have one website for small businesses to do all of our business with the State is beyond me.

This bill adds an additional burden on small businesses without any stated purpose. Why does knowing how much of my company's gross revenue comes from public entities constitute more transparency? What is the problem we are trying to solve? Why does this information need to be tracked? Who will be tracking it and why?

Annually the IRS and I receive 1099-NEC documents from each public entity (and client) I have a contract with and received revenues in the previous calendar year. Does not the State of Oregon have access to this information? If not, why can't the Oregon Department of Revenue get this information from the IRS to satisfy this supposed need and avoid using having to do this?

The bill outlines the following categories based on the business's gross receipts for the current and two preceding tax years combined from public contracts:

- Public affiliate: 20 - 34%
- Public partner: 35 - 49%
- Public agent: 50%+

What is the purpose of the categories established through this bill? If my firm receives more than 50% of our gross revenue from public entities across the state (e.g., 10 different water utilities, cities, our counties), what value is there in calling my firm a "Public Agent?" I have no influence over this theoretical group of 10 client's policies, governance or other such matters, so it would be misleading to consider my firm a "Public Agent."

My understanding is that in Oregon Law a Public Agent is an employee or official who works for the state, a political subdivision, or another public body and this includes elected officials, appointed officials, and agents. My firm is none of these.

I don't think it's appropriate to burden my small firm and others with more paperwork, accounting and documentation to provide to the State this information, when you can already get this information from the federal government and there is no stated purpose for it.

In these trying times with federal employee layoffs, budget cuts at all levels of government, the State should be working to help small businesses and keep people employed, not adding to our burdens.

I strongly urge you to reject House Bill 2871. Thank you for your time and consideration.

Sincerely,

Robert Annear
Owner, Annear Water Resources, LLC
Portland, OR