



WASHINGTON COUNTY CHAMBER OF COMMERCE PARTNERSHIP

March 4, 2025

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

The Washington County Chamber of Commerce Partnership (WCCCP) is a collaboration of the chambers that serve Washington County. Together we represent nearly all of the businesses in Washington County.

- Beaverton Area Chamber
- Forest Grove Chamber
- North Plains Chamber
- Tigard Chamber
- Tualatin Area Chamber
- Sherwood Chamber
- Washington County Chamber
- Wilsonville Area Chamber

The WCCCP supports SB 381 and SB 490, which increases the CAT tax exemption for small businesses from a \$1 million exemption to a \$5 million exemption. Currently, small businesses must register with the Department of Revenue if they surpass \$750,000 in gross sales and become eligible to pay the CAT tax at \$1 million in gross sales. In all practicality, due to the 35% labor cost or COGS deduction, most small businesses are paying the CAT tax at around \$1.5 million in gross sales.

WCCCP supports these legislations for several reasons:

**1. Impact on Small Businesses:**

There is a common misconception that only large corporations pay the Corporate Activity Tax (CAT). In reality, very small businesses—often with just a few employees—are subject to the CAT tax on their first \$1 million in sales. Given four years of significant inflation, more small businesses are now being impacted, making this tax even more burdensome.

**2. Reducing the Tax Pyramiding Effect:**

The CAT tax applies at multiple points along the supply chain, compounding costs for businesses and, ultimately, consumers. Raising the filing threshold would help reduce this unintended effect, promoting a more equitable tax system.





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**3. Cash Flow Challenges for Small Businesses:**

Many small businesses operate on **thin profit margins** or may not generate taxable income, yet they are still required to pay the **CAT tax**. Because this tax is often **due in a lump sum**, it can create significant cash flow challenges, particularly for businesses with seasonal revenue fluctuations or limited financial reserves. Raising the filing threshold would provide much-needed relief, ensuring that Oregon's tax structure better reflects the financial realities of small businesses.

We appreciate this opportunity to testify and implore you to support our small businesses!

Respectfully Submitted,

Board of Directors

Washington County Chamber of Commerce Partnership



TIGARD TUALATIN CHAMBER OF COMMERCE CHAMBER of COMMERCE

WILSONVILLE AREA CHAMBER OF COMMERCE



WASHINGTON COUNTY CHAMBER of COMMERCE