



March 5, 2025

TO: Members of the Senate Committee on Finance and Revenue

FR: Derek Sangston, Oregon Business & Industry

RE: Support for SB 111

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 SB 111. OBI supports SB 111 because it ensures Oregon's smallest businesses can continue to benefit from a revenue neutral policy adopted by 33 states to help some pass-through businesses – like partnerships and S-Corps – reduce their federal tax burden while holding Oregon's general fund harmless. If the policy could be amended so that it could be utilized by trusts and provide an option for individual members of pass-through businesses the flexibility to take this benefit even when their business partners do not, it would provide even greater relief to an increased number of Oregon businesses owners.

Reducing the tax burden for Oregon businesses, even if slightly, helps offset a little of the state's diminished tax competitiveness when compared to other states. Since 2019, the tax burden imposed on Oregon businesses has grown by more than 30 percent and Oregon's general tax competitiveness has dropped from 9th to 30th. While SB 111 does not reduce the Oregon tax burden for pass-through businesses in Oregon, it does provide substantial relief to those businesses when it comes to their federal tax burden. Allowing those Oregon businesses to invest, hire, and compete. Given the policy is revenue neutral, OBI would push the Legislature to make it as broadly available as possible.

Thank you for your consideration.

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