



April 7, 2025

TO: Members of the Senate Committee on Finance and Revenue
FR: Derek Sangston, Oregon Business & Industry
RE: Opposition to SB 1177

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 opposition to SB 1177. OBI opposes SB 1177 because, by redirecting most of Oregon's personal "Kicker" rebate to wildfire funding, the bill would decrease the effectiveness of one of the few provisions of Oregon tax policy that mitigates the growing tax burden the state imposes on taxpayers and it would remove an important check on the growth of the state's General Fund budget.

While Oregon has long taxed the income earned by individuals and businesses at rates that are among the highest in the United States, the state and local governments have recently added to this burden by imposing several new taxes on both gross receipts and income. As a result, the nonprofit and nonpartisan Tax Foundation has decreased Oregon's general tax competitiveness from 9th to 30th in the United States, while also ranking the state's corporate tax competitiveness at 49th. Whether SB 1177 passes or not, the systemic problems imposed by Oregon's tax system would not change. However, it would remove one of the most effective ways for Oregonians to offset the state's high tax rates and complex tax system, further worsening the state's ability to attract new residents and business investment.

Additionally, the "Kicker," and especially the personal "Kicker," is an effective check on the growth of the size and cost of government. While SB 1177 promises to direct the funds it takes from the "Kicker" rebate to the Oregon Wildfire Mitigation and Adaptation Fund and not the General Fund, there are simply no adequate safeguards to ensure those funds will not be used to replace General Fund dollars already dedicated to wildfire suppression or mitigation. Thus, the impact of SB 1177 would almost certainly be to continue the growth Oregon budgets have experienced over the past decade and, eventually, lead to calls to further increase the taxes Oregonians pay to sustain them.

For those reasons, I ask this committee to oppose SB 1177. Thank you for your consideration.

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