



May 1, 2025

TO: Members of the House Committee on Revenue

FR: Derek Sangston, Oregon Business & Industry

RE: Opposition to HB 3940A

Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters, members of the House Committee on 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 HB 3940 both as drafted and as it would be amended by the -A9 amendment. First, OBI strongly opposes any new tax, in any form, on beverage containers. We are especially opposed to a new tax that would disrupt Oregon's successful implementation of the Bottle Bill by misappropriating new funds derived from that system to wildfire funding.

Through the Bottle Bill, Oregon is known around the world for having implemented one of the world's most successful container recovery systems. States around the country look to Oregon as having the "gold standard" of bottle bills. Oregon should look to export this model to other states rather than degrade the bottle bill by adding new taxes on the system, which will undoubtedly impose the new challenge of collecting and allocating new revenues on a system that is currently unprepared to do so.

OBI is additionally opposed to the payroll tax the -A9 amendment would impose on work performed in Oregon. Through the -A9 amendment, HB 3940 would impose a new tax on wages – making it harder to hire or even retain workers – at a time of extreme economic uncertainty, especially in Oregon where so much of our economic output is trade dependent and the state's manufacturing sector has entered a recession. By imposing this type of tax at this time, the – A9 amendment to HB 3940 would likely incentivize employers to hire fewer workers rather than make investments in Oregon's workforce.

By potentially imposing these new taxes on Oregonians, it is also important to note that HB 3940 and the -A9 amendment would further increase the tax burden borne by Oregonians. Since 2019, Oregon's general tax competitiveness ranking has slipped from 9th to 30th. During the same time period, Oregon's effective business tax burden has increased 33 percent. HB 3940, though it

would call for only small increases on Oregonians, would add to other tax increases, both small and large, to make Oregon a less competitive place for business investment and economic development.

For those reasons, I urge you to reject HB 3940 as drafted and amend the bill by adopting the -A8 amendment. Thank you for your consideration.

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