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June 19, 2025

To: The House Committee on Revenue
From: Anthony K. Smith, National Federation of Independent Business
Re: NFIB Written Testimony in Support of SB 111A

Chairs Nathanson, Vice-Chairs Reschke & Walters, and Members of the Committee:

On behalf of Oregon's small business members of the National Federation of Independent Business, I would like to express NFIB's support for SB 111A, which proposes an extension of a voluntary Oregon income tax program that allows qualifying business owners to reduce their federal income tax liability with no revenue impact to the state.

NFIB is the Voice of Small Business. We are a nonprofit, nonpartisan, member-driven organization that advocates on behalf of America's small and independent business owners – both in Washington, D.C. and in all 50 state capitals.

NFIB represents thousands of small businesses across the state in every industry sector, many being the smallest of small businesses, with about 90% of our members in Oregon having fewer than 25 employees and 70% having fewer than 10 employees. Together, our members provide jobs for tens of thousands of Oregonians.

In 2017, the United States Congress passed into law the Tax Cuts and Jobs Act (TCJA). Among many other provisions, the TCJA limited taxpayers' ability to deduct state and local taxes (SALT) to \$10,000. For business owners in Oregon, this change had a significant impact on federal tax liability and reduced the overall benefit of the 2017 tax reforms for these taxpayers.

Since that time, the IRS issued guidance on how states can legally allow a SALT cap workaround. Along with most states with an income tax, Oregon responded in 2021 with the passage of SB 727, which included a two-year sunset of the program. It was renewed in 2023 with the passage of HB 2083, which expires at the end of this year alongside all personal income tax provisions of the TCJA. SB 111A provides for an additional two-year extension so that if Congress passes a tax bill this year that includes another SALT cap, Oregon businesses would be able to continue utilizing the state program.

Please note that SB 111A does not create a new tax, nor does it create a new credit – it simply expands eligibility (for trusts and individual members of pass-through entities) and extends an existing tax program for the next two years that helps Oregon businesses reduce their federal tax liability with no revenue cost to the state.

NFIB respectfully asks you to support SB 111A.

Thank you for your time and consideration,

A handwritten signature in blue ink, appearing to read "Anthony K. Smith". The signature is fluid and cursive, with the first name "Anthony" being more legible than the last name "Smith".

Anthony K. Smith
NFIB Oregon State Director