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Oregon Small Business Association Urges NO on SB 1528-A

Under the Trump/Hass Tax plans, Oregon small businesses would pay as much as a 38% higher tax rate than big Wall Street corporations!

SB 1528 Increases the disadvantage that Small & Family pass-through businesses have in competing in with Wall Street Firms:

The Oregon Family Farm Association's recent analysis and example shows that the Oregon small businesses federal/state tax rate disadvantage widens by more than double (2017-2019) when compared to Wall Street firms. The federal "Tax Cuts and Jobs Act", combined with Senator Hass' SB 1528, would give C-corporations a major tax advantage over Oregon business owners (rough calculations show more than a 38% tax advantage state and federal combined).

SB 1528 robs the 2017 tax break from small business owners while leaving the big corporations' 2017 tax break untouched.

Under President Trump's new tax law, C-corps can deduct their Oregon state taxes on their federal return - small businesses cannot, creating yet another unseen advantage. Assuming a 7.6% state tax rate (and a federal corporate rate of 21%) -- that is an additional 1.6% tax rate advantage for Wall Street firms over Oregon small business.

SB 1528, by disallowing the 20% income deduction, further aggravates the disadvantage small business pass-throughs have under the federal and state tax laws. Staying connected would still be a competitive disadvantage compared to 2017, but not nearly as bad as the passage of SB 1528. Disconnecting is a \$180 million tax increase on Oregon small business - money they need to compete with Wall Street C-corporations.

\$200 million tax (or more) increase on Oregon businesses

SB 1528 Raises the tax rate on Oregon small and mid-sized business owners that make between \$250k - \$5 million by 11%-38%, when these companies are already at a new competitive disadvantage under the new federal tax law. This is over a \$200 million tax increase on Oregon businesses.

It taxes small business owners at the critical capital buying stage of growth while allowing corporations to pay a lower rate.

SB 1528, by raising rates on small and mid-sized business owners between \$250,000 and \$5,000,000 (these are the mid-sized manufacturing companies that are the innovators and job creators in the Oregon economy), Oregon compounds the differences in the cost of capital for mid-sized Oregon firms.

*SB 1528 cannot be fully vetted, and it is impossible to know the total negative impact on Oregon small businesses until after the federal tax bill is fully implemented. **SB 1528 amounts to nearly a \$400 million targeted tax increase that hurts Oregon's family-owned businesses to the huge advantage of Wall Street owned firms.***

The OSBA urges a NO vote on SB 1528