



Oppose SB 1528B: Stop an Unnecessary Tax Hike on Oregon Small Businesses

As a result of federal tax reform, and the way Oregon connects to the federal tax code for the purposes of determining state income tax liability, **small businesses in Oregon are currently allowed** a new 20% deduction on pass-through business income – **until the Oregon Legislature acts to take that deduction away.**

After the March 2018 Revenue Forecast came out with new numbers, **projecting a +\$145 million ending balance for the 2017-19 biennium**, the Oregon Legislature is still considering disconnecting from the new federal policy – a decision that will cost Oregon's small, family businesses more than \$1 billion between now and the end of the 2021-23 biennium.

SB 1528B raises **\$244.4 million** in 2017-19, **\$376.7 million** in 2019-21, & **\$427.4 million** in 2021-23, a total of more than \$1 billion in additional revenue that is not part of the most recent state revenue forecast – **Oregon does not need to raise taxes in order to balance its budget.**

Oregon was a pioneer in recognizing the importance of providing tax relief to small businesses when it created the **Small Business Tax Cut** in 2013 – a similar policy to the new federal policy.

However, the Oregon policy is much more exclusive than the new, **inclusive federal policy that allows the 20% deduction for S-corps, LLC's, partnerships and sole proprietorships**, with very few exceptions.

In 2016, about 22,000 Oregon tax filers qualified to use the Small Business Tax Cut. But according to the [U.S. Small Business Administration](#), **there are over 357,000 small businesses in Oregon** – and the vast majority of them are pass-through entities. So, while some could keep their tax savings by utilizing the Oregon policy, **many more would lose their 20% deduction by disconnecting.**

By 2023, these businesses will have paid over **\$1 billion** in state income taxes that **would not otherwise be imposed on them but for SB 1528B.**

Protect Oregon's small and family owned businesses

Please vote 'NO' on SB 1528B

From the Desk of
Representative
Mike McLane