



OREGON HOUSE REPUBLICAN OFFICE

For Immediate Release

Wednesday, February 28, 2018

192,000 mom and pop small businesses to face higher tax bills under SB 1528 *“Schedule-C” tax filers already pay higher tax rate than large corporations*

Salem, Ore. - Under legislation advanced by House Democrats on the Revenue Committee today, 192,000 of the smallest of small businesses in Oregon will be stuck with a 20% higher tax bill. Passed out of committee on a party-line vote, SB 1528 guts tax relief for these small businesses while maintaining tax breaks for large corporations and creating a new “tax credit auction” for wealthy Oregonians.

“This legislation will result in one of the most inequitable tax outcomes I have seen yet as a member of this body,” said Representative Julie Parrish (R-West Linn). “SB 1528 slaps mom and pop businesses with a massive increase on their tax bills while preserving huge breaks for large corporations in Oregon. We should not be asking the smallest of Oregon small businesses to shoulder so much of the burden of disconnecting from the federal tax code.”

Schedule-C filers represent self-employed owners of the smallest of Oregon small business. According to data obtained by Representative Parrish from the Oregon Department of Revenue, 192,000 “Schedule-C” filers would not be eligible for a 20% reduction on their Oregon income taxes if SB 1528 goes into law. With an effective state tax rate of 7.7%, these hardworking Oregonians already pay a higher tax rate than large Oregon C-corporations.

According to estimates provided by the Legislative Revenue Office, SB 1528 will raise approximately \$258 million in new revenue for the State of Oregon. Roughly 40%, or \$103 million, will be paid for by Schedule-C filers.

“Under SB 1528, 192,000 Schedule-C filers will be shouldering 40% of the overall burden of being disconnected from the federal tax code,” continued Rep. Parrish. “That’s \$103 million that will not be available for those local and family owned companies to reinvest in their businesses or put food on the table for their families. That’s money they won’t have to spend in their local economy. These are not “crumbs” as U.S. House Minority Leader Nancy Pelosi would like us to believe -- these are real dollars that make a real impact for these small business owners.”

In addition to jacking up tax bills for Schedule-C filers, SB 1528 will also increase tax bills for small businesses organized as Limited Liability Corporations, Partnerships and S-Corporations. The bill has not received a single Republican yes vote throughout its journey in the legislative process.

Parrish also objected to a new, expensive tax credit auction in SB 1582 whereby Oregon's highest income earners can buy tax credits to offset their tax liability. For the remainder of the biennium, these tax credits will cost \$14 million dollars (\$28 million in 2019-21). Wealthy Oregonians will enjoy these new tax savings at the expense of the small business owners who will lose an average tax savings of \$359 per small Schedule-C filing business.

"This tax credit scheme is an absolute sham. It steals the tax deduction allowed under federal law from these mom and pop businesses and transfers those general fund dollars to Oregon's top 1% income earners. These high-income investors have the financial resources and means to game the tax system in this manner, and they have allies in the Democratic lawmakers who are supporting this kind of new tax giveaway that everyday Oregonian can't fairly access," Rep. Parrish said.

SB 1528 passed out of the House Committee on Revenue today on a 5-4 vote. House Republicans plan to submit a minority report to the bill that would fully connect Oregon's tax code with the federal tax code, preserving tax breaks for Oregon small businesses and killing the tax credit auction for Oregon's wealthiest tax filers.

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