



OREGON HOUSE REPUBLICAN OFFICE

For Immediate Release

Friday, March 2, 2018

House Democrats hit smallest of Oregon small businesses with last-minute money grab

SB 1528 passed both chambers of the Legislature without a single Republican vote

Salem, Ore. - Oregon House Democrats today approved legislation that will increase the tax burden on the smallest of Oregon small businesses by hundreds of millions of dollars. Passed without a single Republican yes vote, SB 1528 will unfairly prioritize benefits for large corporations and wealthy Oregonians while slamming mom and pop businesses like Schedule-C self-employed filers with higher tax bills.

“Most small businesses in Oregon are not made of wealthy attorneys or medical professions,” said Representative E. Werner Reschke (R-Klamath Falls). Statistics from the Oregon Department of Revenue tell us that these nearly 300,000 small Oregon businesses who will be negatively affected by SB 1528 are made up of 1-2 individuals and make a gross total of less than \$50,000/year. These are mostly self-employed, home-based businesses — for example mom’s who sell their crafts on Etsy or eBay to help make ends meet; uber drivers and freelance writers.

“Small businesses aren’t small when you look at Oregon’s economy. Small businesses account for 1/2 of Oregon’s workforce. Oregon’s small businesses indeed are the engine of our economy — and yet — SB 1528 will take away a tax incentive for this vital part of Oregon’s economy to not just survive, but to thrive.”

Republicans pointed out that one of the biggest losers in the wake of SB 1528 would be Schedule C self-employed filers. 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 1582 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. Estimates provided by the Legislative Revenue Office show 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,” said Representative Julie Parrish (R-West Linn). “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.”

SB 1528 passed by a vote of 38-28, with several House Democrats joining Republicans in opposing the bill. Prior to the passage of the bill, House Democrats rejected a minority report to the bill that would have full reconnected Oregon to the federal tax code.

###