



## OREGON HOUSE REPUBLICAN OFFICE

### **For Immediate Release**

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### **House Democrats adopt \$667 million tax hike that will hit smallest of Oregon small businesses** *Measure adopted with less than supermajority needed for revenue raising measures*

**Salem, Ore.** - House Democrats today passed a \$667 million tax increase that will be exclusively leveled on Oregon small businesses with fewer than 10 employees and those in certain industries. Proponents of the measure, relying on a controversial and yet-to-be court-tested legal theory, passed the tax increase without the supermajority support required by the Oregon Constitution to pass revenue raising bills. Several Democrats crossed party lines to join Republicans in opposing the bill.

"The Oregon Constitution is clear, a bill for raising revenue must pass each chamber of the Legislature with at least a supermajority of the membership voting yes," said House Republican Leader Mike McLane (R-Powell Butte). "I find it deeply disturbing that House Democrats are willing to violate the letter and the spirit of the Constitution to raise \$667 million in new taxes over the next six years on the backs of the smallest of Oregon small businesses. I challenge anyone who suggests HB 2060 A is not a tax increase to go talk to the employers who will see their tax bills dramatically increase if this bill is signed into law."

HB 2060 A raises \$667 million in new taxes over the next six years by increasing the tax rate paid by thousands of Oregon small businesses. Those small businesses currently pay a lower rate, which was approved by legislative leaders during the 2013 Special Session as part of the "Grand Bargain." Legislative leaders agreed to the rate as part of a package of bills that included a tax increase for C-corporations, modifications to the senior medical deduction, GMO crop regulations and pension reforms. Though the pension reforms were eventually overturned by the Oregon Supreme Court, the other elements of the Grand Bargain have remained in place. The same four legislative leaders who negotiated the 2013 Grand Bargain are still in leadership positions today.

"The 2013 Grand Bargain showed that Republican and Democratic leaders could come together to solve difficult problems. The deal required all sides to make sacrifices, but we were willing to share that burden because we believed it was the right thing to do for the people of Oregon," continued Rep. McLane. "HB 2060 A represents a stark betrayal of our work in 2013. Not only does it rollback a key element of the Grand Bargain, but it was also brought forward just this week and to the surprise of those who would be impacted the most by its passage."

The \$667 million tax hike comes just days after House Democrats passed a 1.5% tax on health insurance premiums, which will be paid by many of the same small businesses that would see their taxes increase under HB 2060 A.

"Oregonians want to see real, meaningful revenue and spending reform from their state government," said Representative Mark Johnson (R-Hood River). "But HB 2060 A represents neither. It is nothing more than a desperate cash grab on the backs of the smallest of Oregon small businesses. This bill betrays months of bipartisan efforts to develop a long-term plan for providing budget stability."

HB 2060 A passed the House on a 31-28 vote, with three Democrats joining Republicans in opposing the bill. The bill now heads to the Senate, where its fate is uncertain.

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