



CHRISTINE DRAZAN
HOUSE REPUBLICAN LEADER

April 3, 2020

The Honorable Kate Brown, Governor of Oregon
900 Court Street, NE Suite 254
Salem, OR 97301-4047

Governor Brown,

Having received and reviewed your press release regarding a statewide initiative to support small businesses, we remain shocked at your unwillingness to consider delayed implementation of the new Corporate Activity Tax (CAT). The failure of the press release to recognize cashflow as the most pressing issue businesses face today is glaring.

Providing ease of access to the financial support made available from state, federal and local resources is appropriate and necessary. We are encouraged by your willingness to direct state agencies in a targeted manner to ensure Oregon's employers have a chance to drawdown the billions of dollars made available through the CARES Act to keep Oregonians employed.

That said, immediate relief from the new Corporate Activities Tax offers the most effective action possible at the state level by reducing the burden on employers. The CAT has only been in effect since January 1, 2020, and most employers and accountants are not familiar with the process for this new tax and are still awaiting final rule-making.

The COVID-19 global pandemic has forced businesses to close in order to serve a greater health concern. Business owners are trying to take care of their employees, pay their bills, and are seeking creative ways just to survive. Leveraging assets is not a new endeavor for many small businesses, some will be taking out yet another mortgage on their home just to make it through this crisis.

Requiring CAT tax payments in April is wrong. Permitting small businesses to keep their cash, allows them to keep employees working. Our proposal is simple, yet effective- delay the implementation of the Corporate Activity Tax for the first two quarters of 2020.

A healthy private sector is necessary to fund a public sector that provides essential services. While we don't yet know how long this crisis will last and how much damage it will do, we do know that delaying implementation of the CAT will save jobs and help keep businesses afloat. Prudent action is necessary, and you are in a position to provide the most effective relief to our economy possible.

Sincerely,

House Republican Leader Christine Drazan