

# Senate Republican Office

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## **Tax relief, certainty for small businesses vetted in Senate committee** *Relief would equal tax cut for low and middle income Oregonians*

**Salem, OR** – The Senate Finance and Revenue Committee held a public hearing Thursday on a proposal to provide more than 50,000 small and family owned businesses with tax certainty and tax relief. The concept would help spur investment, create jobs and provide low and middle income Oregonians with smaller tax bills.

“This idea provides broad-based tax relief to thousands of small and family owned businesses in every corner of Oregon,” said Senator Brian Boquist (R-Dallas). “I believe it can help create an economic renaissance in Oregon, a period of investment, job growth and prosperity that gives every family an opportunity to thrive. This is the tool of recovery we have been looking for.”

The proposal would establish a separate tax rate for small and family businesses (anyone with active income filing as an S-corporation or LLC) of 7%. Currently many small and family owned businesses are taxed at the highest personal income rate, 9.9%.

Coupled with a proposed cap on itemized deductions, the small business tax proposal would provide the most relief to Oregonians making less than \$500,000 a year. On average, Oregonians making more than \$500,000 a year would see their tax bill increase while those under would see their tax bills decrease..

“This bill puts small and family owned businesses on an equal playing field with big businesses, and provides the job creation that politicians have been talking about but haven’t yet delivered,” said Boquist. “It will encourage would-be entrepreneurs to take the leap, start a company, and begin to grow. This is a tremendous opportunity to spur job growth in Oregon.”

The proposal would return \$150 million to small businesses over the next two years. As part of a larger deal on new revenue, it would be revenue neutral. To prevent the relief from growing unchecked and causing an unforeseen reduction in state revenue, the proposal also limits the amount of small business income that would be taxed at the lower rate.

“I am optimistic that Republicans and Democrats working together for the good of Oregon, willing to compromise, will be able to reach an agreement that gives small businesses tax relief while raising new revenue for the state,” said Boquist. “This could be a big moment for Oregon.”

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