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April 23, 2019

TO: Joint Committee on Student Success

Co-Chairs Senator Roblan, Senator Knopp, Representative Smith Warner, Representative Smith,
Members of the Committee

CC: Representative Jack Zlka

RE: HB 3427 relating to education funding and proposed tax package

The Bend Chamber of Commerce represents 1,300+ members employing 25,000 people in Central Oregon. Most members of our chamber are small businesses. We write to you to share our deep concern about HB 3427 and the impact it will have on our membership and the Central Oregon region.

For too many small businesses the proposed \$2+ billion Commercial Activity Tax means the difference between the ability to hire and retain employees, provide benefits or sustain and grow their business. A gross receipts tax is especially impactful to businesses with small profit margins, even if they surpass the \$1 million revenue threshold because it is not tied to a business's ability to pay. For this reason we feel the \$1 million exemption threshold is far too low if small businesses are expected to pay on sales and not profits.

Bend is an entrepreneurial hotbed, collaborative tech center, internationally recognized outdoor destination, and produces world-class craft foods and beverages. We are proud our region is one of the most successful business and revenue producers in the state. And we worry HB 3427 punishes high-investment, high-growth and startup ventures and creates even greater barriers for business retention and growth, and new recruitment. This tax also puts Oregon's traded sector that sells products and services outside the state at a great disadvantage to competitors in other states.

We are stalwart supporters of our schools and have been consistent proponents for passing bond measures, but it remains ambiguous as to how much of the \$2 billion in revenue will actually make it into state classrooms. We believe firmly that this information needs to be clear and accountable before we move forward.

We are also deeply concerned that there are many other revenue bills still in play, including HB 2020, 2269, 2408 and others. The cumulative impacts of these bills will have profound implications to small businesses. It is critical that the legislature limits new revenue generation to directly impact education. While we are concerned about the cumulative state level impacts, we are mindful of the limited local options for funding critical projects. The Bend Chamber opposes the restriction to exempt local taxes as part of the HB 3427 package.

Finally, Central Oregon businesses are worried about the looming payment on PERS. We insist that real, measurable policy and a plan be implemented during the 2019 session. The deficit grows with each passing year, and we believe we don't have time to waste in addressing this crisis.

Sincerely,

Katy Brooks, CEO