



June 13, 2019

RE: **OSCC Opposes HB 2005**, Paid Family Leave

The Oregon State Chamber of Commerce (OSCC) represents 82 local Oregon chambers of commerce and the 27,000 local businesses that are chamber members in every corner of the state.

OSCC surveyed its membership this week on HB 2005 given the new amendments and the policy and political dynamics of the legislation. We understand some of our business association partners are in support of the legislation.

But the feedback from local business communities is decisive. Your local business communities are strongly opposed to HB 2005. They do not understand, nor do they support, additional taxes and costs on top of House Bill 3427 (Commercial Activities Tax) or HB 2020 (Cap and Trade).

Please consider:

1. The new effective tax rate on middle class employees will now be 9.45% (8.75% income tax rate + 0.1% statewide transit tax + 0.6% paid family leave tax). HB 2005 increases the tax burden on middle class workers by nearly 7%. It will cost a \$50,000 employee an extra \$300 per year.
2. The 0.6% tax rate increase in HB 2005 for local workers far surpasses the tax rate reduction of 0.25% that was so celebrated as part of the HB 3427 business tax hike.
3. The 0.4% employer payroll tax will cost an additional \$4,000 per \$1 million in payroll in addition to the new 0.57% gross receipts tax. Again, this tax has no connection to profitability and will compound the effects of the regressive gross receipts tax on small business.
4. The new 0.4% employer payroll tax is more than the value of the 35% labor exclusion under the HB 3427 gross receipts tax, thus nullifying the value of the exclusion.
5. Additional incentives for workplace leave, combined with limited workforce options, translates into operational disruptions that are costly and sometimes insurmountable for small and medium sized businesses.

Please listen directly to the voices of your local business community (attached). There is not support for HB 2005. OSCC opposes HB 2005.

Respectfully submitted,

A handwritten signature in blue ink that reads "Linda Moholt".

Linda Moholt  
OSCC Chair

A handwritten signature in blue ink that reads "JL Wilson".

JL Wilson  
OSCC Legislative Counsel

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