

March 26, 2020

Your Oregon Employer Community calls on you to pass immediate relief to the new Corporate Activity Tax (CAT). The most immediate, pressing issue businesses have today is cash flow. The most important action the Legislature can take is to help businesses keep people employed by passing immediate relief from the new Corporate Activities Tax.

The CAT has only been in effect since January 1, 2020, and the programs it was intended to fund are not yet in place.

Employers and workers today are faced with a reality we never could have predicted one-year ago when the CAT was adopted. A global pandemic has forced large and small businesses to close their doors. Business owners are just trying to survive by any means necessary – reaching deep into their savings or business reserves to make payroll; and workers and employers are begging for relief and the opportunity to make it through this crisis.

Requiring CAT tax payments in April will be the absolute worst timing possible for struggling businesses during this crisis. Companies will be forced to pay this tax instead of paying employees, meaning potential layoffs across a broad spectrum of industries.

These unprecedented times call for unprecedented solutions. Bipartisan solutions that mirror the calls of the Joint Special Committee on Coronavirus Response.

We urge you to:

- 1. Delay the implementation of the Corporate Activity Tax for the first two quarters of 2020. Allow time for your employers to rebound and rebuild.**

OR

- 2. Continue partial assessment of the CAT that builds on the priorities of the tax, while acknowledging the unprecedented time we are in. Provide employers with a temporary option of filing under a reduced rate of .285% (half the current rate) for the first two quarters of 2020 or allow them to double their current deduction of 35% to 70% for the first two quarters of 2020.**

These proposals recognize the reality of today and do not impact the General Fund. A corporate activity tax when there is little commercial activity is too great a burden for Oregon employers to bear during a time of crisis. We urge you to provide immediate relief to local employers today. Ensure Oregon's employers, and our jobs, are still standing when this crisis is over.



