May Revenue Forecast

Oregon’s May Revenue Forecast, showed revenue projections that were up significantly from the March 2019 forecast, resulting in roughly double the projected personal income tax kicker – up to $1.4 billion from $748 million.

Here is a rundown of the numbers from the forecast’s executive summary:

- Corporate and personal income tax collections are up 50 percent from last year
- Net general fund resources are up $883 million from previous forecasts
- Net resources are up $908 million, including lottery revenues
- Some $616 million from the corporate kicker is expected to be dedicated to K-12 education spending, per existing statute
- And a projected $1.4 billion is expected to be return to taxpayers for the 2019-21 personal income tax kicker

“Given Oregon’s economic and revenue forecast history, kicker payments of this size are a once a decade event,” the summary stated. If kicker happens as projected, the median taxpayer would receive a $338 kicker credit, the average taxpayer would get a $691 credit and the top 1 percent income bracket would get a $14,000 credit.

The day after the revenue forecast, House Speaker Tina Kotek introduced HB 3440 which would divert half of the expected personal income tax kicker to transportation and infrastructure projects. Back in April, Gov. Kate Brown proposed using kicker funds to pay down PERS costs.
Tax Update

On Thursday, Gov. Kate Brown signed HB 3427, the $2 billion pre-K-12 education tax on Oregon businesses. The bill had passed the Senate last Monday, when Republicans agreed to return to the Capitol after a weeklong absence, providing a quorum for the Democratic supermajority to vote.

The issue may not be over. The Oregonian reported Sunday that some groups are considering referring the new tax to voters in 2020.

In the weeks the legislative leaders and the Joint Committee on Student Success spent crafting the bill, OBI worked with partner organizations to advocate for language allowing companies to deduct business input costs from the gross receipts-based tax. That resulted in the 35 percent deduction for cost of goods sold or labor inputs, which will help to offset the effects of pyramiding. We also negotiated direction on other bills and issues important to Oregon businesses and our members.

OBI previously issued a statement on the tax issue following a meeting of its board of directors and OBI Board Chair Scott Parrish also addressed it in his May message in the Member Connect newsletter.

PERS Update

The PERS bill introduced by the Legislature’s Democratic leaders, SB 1049, had a public hearing on last Tuesday, when union leaders and public employees testified against the plan. The bill calls for employee cost-sharing and re-amortization of the PERS debt, but does not include raiding SAIF reserves to offset PERS costs, which OBI has staunchly opposed. This bill has further work sessions scheduled in the Joint Committee on Ways and Means tomorrow, and is expected to be sent to the House and Senate floors for final
OBI will continue to watch progress on this bill and other PERS plans, including ballot measures from PERS Solutions for Public Services.

Although the savings from SB 1049 fall short of what the PERS Solutions group is seeking, Tim Nesbitt, with PERS Solutions, urged passage of the bill at last week’s hearing. Click below to view his testimony.

Carbon Reduction

HB 2020, the carbon reduction bill, made moves on Friday when the Joint Committee on Carbon Reduction voted to pass it out of that committee on a party-line voted. The bill now heads to the Joint Committee on Ways and Means. The carbon reduction committee adopted the -94 amendments, which represent improvements in the bill, but significant concerns remain for the manufacturing, natural gas and transportation sectors.

Oregon Legislature

What Happened Last Week

- HB 3022, the workers’ compensation bill, had its first reading in the Senate on Monday.
- HB 5016, the education budget bill allocating $9 billion to the State School Fund, passed the House on Monday with a 55-4 vote. It is now in the Senate, where a vote is expected this week.
- SB 684, which relates to business obligations when there is a data breach including notifying customers and the attorney general, was passed by the House on Friday with a unanimous vote (excluding those excused). It now heads to the governor for signature.
- Employer accommodations for pregnancy: HB 2341, which bans employers from denying employment, or failing to make reasonable accommodations, for employees relating to pregnancy, childbirth or related medical conditions, passed the Senate on Wednesday. It is headed to the governor for her signature. And on Tuesday, the governor signed HB 2593, which requires employers to allow for breast milk pumping or feeding.
HB 2395, which requires security for devices connected to the internet, was voted out of the Senate Judiciary Committee on last Monday. It is on the Senate floor, where it is scheduled for a third reading on Tuesday.

SB 123, the pay equity fix bill, passed the Senate on May 14 and is now heading to the House. OBI and partners negotiated changes to the 2017 pay equity law to address implementation challenges raised by members.

Coming Up Next Week

- Friday, May 24, is the last major legislative deadline before the constitutional June 30 adjournment deadline. By Friday, all bills must have had a work session in their second chamber. Bills in joint committees and in House and Senate rules and revenue committees are not subject to those deadlines. Activity in most committees will slow or end after Friday.
- HB 2014, the Oregon Trial Lawyers Association (OTLA) bill that removes the $500,000 limit on noneconomic damages, will have a work session in the Senate Judiciary Committee on Tuesday. OBI has joined a large coalition in opposition to the bill, which passed the House in April.
- HB 2883, which bans Styrofoam (polystyrene) containers at restaurants, has a public hearing and possible work session before the Senate Committee on Environment and Natural Resources on Tuesday.

Do you have questions about pending legislation? Feel free to contact our team.

Tax and fiscal policies: Mike Stober

Education and health care policies: Nathaniel Brown

Employment and retail policies: Paloma Sparks

Environment and energy policies: Sharla Moffett

Oregon Legislature In the News

Oregon voters will likely have final say on multibillion-dollar business tax

Oregon governor signs multibillion-dollar tax and education funding bill into law

Education funding bill passes Senate as Republicans end walkout

Democrats move climate policy bill out of committee

Public employees hate lawmakers’ PERS plan; businesses and employers give tentative nod

Oregon revenue forecast shatters expectations, largest-ever kicker on its way

Kotek introduces bill to redirect half of Oregon’s record ‘kicker’ tax refund

Non-road Diesel Engine Survey

Please consider filling out this survey from the Oregon Department of Environmental Quality on non-road diesel engine use. In 2017, OBI and other business organizations negotiated a
compromise to the diesel phase-out bill, in part asking that the state complete a survey of existing diesel uses. This survey represents the effort to collect more data on non-road diesel engines. OBI is promoting the survey in our various weekly and monthly newsletters to assist the DEQ in collecting Oregon-specific information on diesel generators and compressors. Without state-specific information, DEQ would utilize EPA's default data that likely overestimate emissions and provide an unrealistic picture of air pollution levels in the state. This is a blind, confidential survey and will not be used to create an equipment registry. Both businesses who utilize diesel compressors and generators and those who don’t should take the survey to ensure the data collected is accurate.

**Click Here for Survey**

**Wholesale Fuel Pricing**

OBI has partnered with MCP Petroleum to drive down OBI members’ fuel cost. OBI is leveraging the collective purchasing power of our membership to get wholesale fuel pricing for our members. In addition to fuel savings, OBI members will have access to a comprehensive fuel management system that will reduce slippage, save valuable employee time and provide accountability and oversight of your company’s fuel consumption.

OBI members who use 900 gallons of fuel annually through their company are eligible for this program. Please contact Jeff DeSantis for more information.

**LegalPlus Program**

Did you know, by being an OBI member you can get free legal advice? OBI and Innova Legal Advisors provides members 15 minutes of legal consultation each month through the LegalPlus program. Check it out by clicking here. Or contact Bob Blackmore at Innova Legal Advisors: Phone: 503-479-7175; email: Bob.Blackmore@innovalegaladvisors.com

**Calendar of Events**

**Unemployment Insurance Conference**

June 27 is your chance to get the scoop on unemployment insurance strategies to improve your bottom line. The National Unemployment Insurance Policy Conference is coming to
Portland and offers a unique opportunity for businesses and companies to learn about unemployment tax, benefits and policy to 2020 and beyond.

OBI has a special single-day pass rate for members for June 27. Click here to learn more.

- What: National Unemployment Insurance Policy Conference
- When: June 26-28
- Where: Portland Marriott Downtown Waterfront Hotel
- Event information: www.uwcstrategy.org/conferences/

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