



2019 Legislature Adjourns

The 2019 session of the Oregon Legislature adjourned at 5:25 p.m. Sunday, June 30, after Senate Republicans returned to the Capitol over the weekend to complete the work of the session.

The 11-member Senate Republican caucus walked out of the Capitol Thursday, June 20, in protest of the pending cap and trade legislation, arguing that they had had little opportunity to influence the bill. After Senate President Peter Courtney announced last week that the bill would not have sufficient votes to pass the Senate this session, essentially indicating that HB 2020 was dead, Republican leaders decided to return to the Capitol to complete the unfinished work of the session.

Announcing the intent to return, Sen. Herman Baertschiger, the Senate Republican leader, said the mission for his caucus walk-out was “to kill cap and trade.” He said he and his caucus do not dispute the need to address climate issues, but added it has to be done without totally dismantling the state’s rural economy. “I hope we can accomplish that in the future” he said.

Baertschiger said his caucus returned to pass outstanding budget bills, noting they had a constitutional duty to complete the state budget. In all, the Senate entered the weekend with more than 100 pending bills, including several state agency budgets. Senators moved through the outstanding bills quickly on Saturday and Sunday, passing 140 bills before adjourning. The House had completed most of its work well ahead of the weekend, and passed 38 bills Saturday and Sunday.

Several bills OBI has tracked during the session were among the bills decided this weekend. We are highlighting those bills below and will send out a complete report on the 2019 session in mid-July.



Paid Family Leave

[House Bill 2005](#), the negotiated paid family leave bill, passed the Senate 22-6 on Sunday, June 30. The bill had passed the Oregon House June 20, so it now goes to Gov. Kate Brown for her signature. OBI played a lead role in negotiating this legislation, which balances employer and employee concerns and prevents the potential for a less balanced ballot measure in the future. The bill establishes a new program with premiums paid through a payroll tax; sets a 40% employer/60% employee cost share; caps the maximum amount of leave possible; exempts small employers from the tax; and allows private plans. Rulemaking on this legislation is expected to start soon and is slated to be done by September 2021. Employer and employee contributions to the paid family leave program will begin Jan. 1, 2022 and benefits would begin Jan. 1, 2023. OBI will remain engaged in the rulemaking and will make sure members are fully informed about how this new program will work.

Technical Tax Fix

In May, the Legislature passed and Gov. Brown signed [HB 3427](#), the Student Success Act, which raises \$2 billion in new revenue for investments in education. The new tax law creates a commercial activities tax of 0.57%, but, through provisions negotiated by OBI and partners, will allow taxpayers to deduct 35% of their cost of goods sold or cost of labor, whichever is greater. The bill also cuts personal income taxes by \$800 million.

During discussions of HB 3427, OBI worked with lawmakers to ensure a bill addressing several technical issues in the bill would pass before the end of the 2019 session. That happened Sunday, with passage of [HB 2164](#). The technical changes, many of which were made at the request of OBI, include clarifying which receipts are taxable for the banking and insurance sectors and ensuring these sectors are able to utilize the 35% subtraction for cost inputs or labor costs; exempting receipts from certain hedging transactions; clarifying the definitions of wine and distilled liquor; exempting restaurant receipts that are attributable to local excise taxes on meals or tips passed on to employees; allowing vehicle dealers to list the estimated amount of the tax on an invoice to a customer; clarifying that certain telecommunications and utility fees are not subject to the tax; expanding the definition of “cost inputs” to allow all businesses to use the 35% subtraction regardless of how they calculate cost of goods sold; and excluding from the tax 15% of labor payments from a general contractor to a subcontractor for residential construction projects.

HB 2164 also renews and expands the Earned Income Tax Credit (EITC). Specifically, it raises the percentage of the federal credit that can be claimed for Oregon personal income tax purposes from 8% to 9% and from 11% to 12% for families with children under three years old. OBI is a member of the Renew and Raise Coalition, which advocates for an expanded EITC in Oregon. Once signed by the governor, this new law will take effect Jan. 1, 2020.

We expect rulemaking for the new tax laws to begin soon and will be engaged with it.

Pay Equity

The Senate concurred with changes the House made to [SB 123](#), the pay equity fix that OBI negotiated with partners. OBI worked to address concerns we have heard from members about challenges to implementing the 2017 pay equity law. This new bill simplifies the definition of a “system” for pay equity analysis; directs employers to do pay analyses but protects them from having to ask employees about membership in protected classes; makes “light duty” a bona fide reason for a pay differential; and implements other changes. The amendments to the 2017 law were not as broad as we hoped for, but we were glad to achieve some changes that address employer concerns.



Campaign Finance Reform

The Oregon Senate passed several campaign finance bills over the weekend. [SJR 18](#) asks voters to approve a constitutional amendment allowing for campaign finance limits. OBI had worked to narrow the scope of the proposed constitutional change. Also moving forward [HB 2716](#), which prohibits anonymous campaign advertising and [HB 2983](#) which requires disclosure of donors to nonprofits participating in political campaigns. Another bill, [HB 2714](#), passed the House but did not make it out of the Senate Rules Committee. That bill, opposed by OBI, would have set campaign contribution limits, creating an uneven playing field by applying the limits to some groups but not to others. The house also passed SJR 18. We expect the issue to appear on the November 2020 ballot.



Cigarette Tax

A proposed \$2/pack increase in the cigarette tax will go to Oregon voters in November, after the Oregon Senate approved [HB 2270](#) on Sunday. The legislation increases the cigarette tax from \$1.33/pack to \$3.33/pack and subjects vaping products to a tax equal to 65% of their wholesale price. Funds raised by the legislation will be dedicated to Oregon's Medicaid program.

Do you have questions about bills from this session? 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](#)



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.



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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



Oregon Business & Industry
oregonbusinessindustry.com
1149 Court Street NE
Salem, OR 97301

