



Oppose the -1 Amendments to HB 2457: A Surprise Tax Increase on Oregon Businesses

The -1 amendments propose a tax on Paycheck Protection Program funds

Background – In response to the COVID-19 pandemic, Congress recognized the financial hardships families and businesses have experienced due to sudden job losses and business closures by passing the CARES Act last year with overwhelming bipartisan support. Among other essential provisions, the CARES Act authorized the creation of the Paycheck Protection Program (PPP), a federal lifeline for both employers and employees that provided temporary and limited funding to businesses in the form of loans that would be fully forgiven if used for authorized purposes like payroll, rent, and utilities.

Kept Employees on Payroll, Off Unemployment – PPP funds were intended to keep as many employees on payroll as possible when states were experiencing massive spikes in unemployment benefit claims due to the pandemic. Congress was clear that these funds should not be considered income, and after the IRS issued a ruling that these funds would not be allowed as regular deductible business expenses, Congress responded by expressly fixing this unintended consequence with the passage of the Consolidated Appropriations Act of 2020.

A Surprise Tax Increase – HB 2457-1 would require that forgiven PPP loan amounts be added back as “taxable income” for Oregon businesses that used the program exactly the way it was intended. It is an unfair, retroactive tax increase on Oregon businesses at time when Oregon is already projected to bring in more revenue than ever before.

Oregon does not need the money – The March State Revenue Forecast was incredibly strong (projecting a \$1.74 billion positive ending balance), and we just found out last week that Oregon will receive an additional \$2.6 billion in direct financial aid from the Biden Administration’s American Rescue Plan Act of 2021. Given this, there is no budgetary justification for tax increases of any sort, including taxation of forgiven PPP loans.

Protect Oregon Businesses - Oppose the -1 amendments to HB 2457

For more information, please contact Anthony K. Smith, NFIB, Anthony.Smith@NFIB.org, (503) 364-4450 or Scott Bruun, OBI, ScottBruun@oregonbusinessindustry.com, (503) 720-1329