



March 29, 2024

Governor Tina Kotek
State of Oregon
900 Court Street, Suite 254
Salem, OR 97301-4047

RE: OBI Opposition to HPAC Tax Proposals

Dear Governor Kotek,

OBI is a statewide business association representing businesses from a wide variety of industries from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers (our Manufacturing Council of Oregon, or "MCO") and the National Retail Federation. Our 1,600+ member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. OBI's primary mission is to strengthen the business climate in Oregon.

We are writing to express our strong concerns and opposition to the tax proposals within the HPAC Final Report recommendations, dated February 2024. While OBI appreciates the work of HPAC and is supportive of proposed land use reforms which we believe are necessary to create additional and affordable housing inventory, the tax proposals would have detrimental impacts that far outweigh their intended benefits. The state cannot decrease the cost or improve the access to housing by increasing costs and decreasing access everywhere else in the economy.

The suggested increase in personal income tax brackets, establishment of a special real property tax assessment, implementation of a retail sales tax, payroll tax, and doubling of the fuel tax collectively would place a massive new burden on Oregon's residents and businesses. Such significant tax hikes would lead to reduced consumer spending, lower business investment, and overall economic slowdown. This would particularly impact working Oregonians who are already grappling with the high cost of living, potentially pushing them further into financial hardship.

Moreover, these tax increases would have adverse consequences for housing production in Oregon. By imposing additional tax burdens on individuals and businesses, on top of the significant increase in state and local tax burdens that Oregon taxpayers have seen since 2019, there is a risk of deterring private investment in housing development. Developers would likely be less inclined to embark on new projects or may pass on the increased costs to homebuyers and renters, exacerbating the affordability crisis already prevalent in our state.

Instead of relying on tax increases, we urge you to explore alternative funding mechanisms that prioritize affordability, economic growth, and sustainability. This could involve leveraging public-private partnerships, allocating existing state resources more efficiently, and exploring innovative (non-tax increase or new tax) financing options.

While the goal of funding new public housing and housing production is essential, it is imperative that we pursue strategies that do not further burden working Oregonians or hinder economic growth. We respectfully urge you to reconsider the recommendations and work towards a more balanced and sustainable approach to addressing our state's housing needs.

Thank you for this opportunity to comment.

Sincerely yours,



Scott Bruun

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