



Date: June 21, 2023

To: Members of the Salem City Council

From: Scott Bruun, OBI

RE: Opposition to proposed Safe Salem Payroll Tax ordinance

Members of the Salem Council:

Oregon Business & Industry (OBI) is in strong opposition to the proposed Safe Salem Payroll Tax draft ordinance. OBI is a statewide association representing businesses from a wide variety of industries and 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 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 office is in Salem.

The proposed payroll tax would place a significant new burden on workers and employees in Salem. There is little doubt that the tax would cause dislocation and job loss in Salem. Workers that can shift their work to outside of Salem will likely do so. And the tax will create a disincentive for Salem-based businesses to grow or hire. It would also damage the ability of Salem-based employers to attract people who live outside of Salem for Salem-based jobs.

We would note that this proposal comes on the heels of a recent statewide payroll tax for paid family leave. In addition, Oregon employees already face some of the nation's highest state income taxes. Just for comparison, Portland has the nation's second highest personal income taxes (including state, City, county, and Metro). Only New York City has higher taxes than Portland. Unfortunately, with passage of the proposed payroll tax, Salem workers would be one step closer to Portland's onerous tax burden.

We strongly urge you to protect Salem workers and reject the proposed payroll tax ordinance.

Thank you.

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