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QuickPoint! – COVID-19 and New Business Taxes: Bayonetting the Wounded

By Eric Fruits, Ph.D.

Many Oregon businesses are looking forward toward May 15. That's the day the state expects to ease some of Governor Kate Brown's COVID-19 "Stay Home, Stay Safe" order.

But, many businesses are considering whether they should re-open at all. And coronavirus is only one of many new challenges facing Oregon businesses.

Leading up to the pandemic, Oregon business owners were sweating the state's new Corporate Activities Tax. While the rules governing this new gross receipts tax won't be finalized until sometime in June, the first quarterly payments were due on April 30. Because it's a tax on sales, the tax is due even if the business is losing money.

On top of that, in the middle of this pandemic, Multnomah County commissioners approved a steep increase in the county's Business Income Tax.

As if that's not enough, the May 2020 ballot has Metro Measure 26-210. This measure imposes two new income taxes: one on businesses with more than \$5 million in sales, and another on households with more than \$125,000 in income (\$200,000 if filing jointly). Business owners who earn pass-through income—many small and medium sized businesses—will be taxed twice under Metro's measure.

No matter how much your taxes increase, they'll keep saying your business doesn't pay its fair share.

COVID is already killing the economy. We cannot let tax increases bayonet the wounded.

Eric Fruits, Ph.D. is Vice President of Research at Cascade Policy Institute, Oregon's free market public policy research organization.

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Please contact:

Cascade Policy Institute
4850 SW Scholls Ferry Rd.
Suite 103
Portland, Oregon 97225

Phone: (503) 242-0900
Fax: (503) 242-3822

www.cascadepolicy.org
info@cascadepolicy.org

4850 SW Scholls Ferry Road
Suite 103
Portland, Oregon 97225

t: 503.242.0900
f: 503.242.3822
info@cascadepolicy.org
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