

OWNERS COMPENSATION DEDUCTION MAXIMUM

IF YOU WISH TO SPEAK TO CITY COUNCIL, PRINT YOUR NAME, ADDRESS, AND EMAIL.

NAME (print)	ADDRESS AND ZIP CODE	Email
✓ Andy Frazier		
✓ Debbie Kitchin		
✓ Charles JOHNSON		on file



Testimony of Sandra McDonough
President & CEO
Portland Business Alliance
Before Portland City Council
Wednesday, November 13, 2013
Regarding Business License Tax Credit

Good morning Mayor Hales, members of City Council. My name is Sandra McDonough, President and CEO of the Portland Business Alliance. I am here today to support an amendment of the business license law to increase the owners compensation deduction to at least the \$100,000 level for the 2014 tax year.

Portland's reputation as a "small business town" is well-founded, with the majority of our firms employing between one and ten people. These employers represent a significant portion of our local economy. Unfortunately, they are often disproportionately impacted by taxation and other costs of doing business. The Business License Tax is a unique tax in the region that is especially hard on small and family-owned businesses and professional providers operating in the city of Portland. The result is a disincentive to local business in our city.

In 2007, Portland City Council took the first steps of providing relief from the city's business license fee, by increasing the gross receipts minimum to \$50,000 and the owner's compensation deduction to \$80,000. At that time, Council also made a commitment to raise the deduction to \$125,000 within five years.

While we recognize that the recession created a hardship that impacted many of the city's financial commitments, the Alliance has worked hard to keep this commitment on Council's radar because of its importance to our small business community. Today, six years later, this proposal to increase the deduction to \$100,000 represents progress toward achieving that goal. We particularly want to thank Mayor Hales and Commissioner Fish for bringing it forward.

The Alliance supports this ordinance as a part of the city's ongoing commitment to create greater fairness for Portland businesses through business license tax reform. And, we hope that it provides a meaningful incentive for firms to keep their business and employees in the city of Portland.

Finally, I want to remind you that growing business in Oregon results in growing revenues for your city budgets. Between 2003 and 2013, these city license tax revenues grew by more than \$36 million, about 7 percent per year. Your decision today to dedicate a small portion of that growing revenue source to helping small businesses is an investment that we believe will attract more business and further increase city coffers.

Thank you for addressing this important tax issues and for supporting our city's many small and family-owned businesses. We look forward to working with you to reach our ultimate goal of \$125,000 over the next few years.