



## State Advocacy Update

### 2017 Legislative Report (Week 3)

This content is provided through our membership with the Oregon State Chamber of Commerce (OSCC). We are providing it to you our members so you can stay engaged with business impacting state legislation if you so choose. 70+ chambers are members of OSCC and are working together to advocate for our businesses at a state level.

The 2017 Oregon legislature continues to plod along at a cautious pace. Again, only a few hundred additional bills were introduced in the past week, a far lesser amount than anticipated. Only a few committees are delving into controversial issues, but many of those are simply informational hearings. Only the House Business Committee has taken up controversial anti-business legislation to date, while both the House and Senate Revenue Committee are exploring tax issues that have significant impact on the business community.

Here's what we know from the past week:

**Again, there is not yet any sort of "master plan" to deal with the state's \$1.8 billion budget deficit.** All the different sides in the debate are still collecting information and exploring options. This process will unfold slowly through negotiation and will likely take several months. Although Democrats hold substantial majorities in both the House and the Senate, they don't have the votes to pass either the necessary cuts, spending reforms, or potential taxes without Republican support. It will truly require bipartisan deal-making. Three weeks into session, lawmakers are simply gathering information and learning how to work with each other.

**Senate commitment to bipartisanship could pay significant dividends to business, particularly in the area of costly environmental regulation.** This is potentially the most significant theme of 2017, and we'll be paying close attention to it all session. Senate President Peter Courtney (D-Salem) has committed the Senate to bipartisanship in 2017 that has the potential to derail many partisan issues that could potentially harm business. Of particular note, it appears that extreme environmental regulatory policies may be the first casualty of the commitment to bipartisanship. Issues such as 'cap & trade', diesel engine regulations, and emissions regulations appear to have very little traction so far. This is a far different environment than we witnessed in 2015 and 2016.

**The House Business Committee continues to be the committee most likely to consider and pass anti-business bills.** This past week, the committee took testimony on **HB 2167** (which creates an unlawful employment action for 'hostile' work environments), **HB 2169** (which gives only employees the ability to collect attorney fees in wage and hour employment cases), **HB 2180** (which allows employees to file liens against employer property for wage claims) and **HB 2181** (which presumes employers guilty until proven innocent for adverse employment actions against employees with pending wage claims). OSCC opposed all four bills. Of note, the inclusion of Representative Janelle Bynum (D-Happy Valley), a McDonalds restaurant owner, on this committee has made the committee more moderate and less inclined to pass radical legislation such as the aforementioned bills.

**The 'Small Business Tax Cut' is clearly being targeted for repeal or significant change.** The Senate Finance and Revenue Committee took testimony this past week on **SB 165**, which requires small businesses to show an increase in employment before being able to take advantage of Oregon's lower tax rates for 'pass-through' small businesses. OSCC opposes this legislation and strongly opposes repeal of the lower tax rates for small business. OSCC believes that the 'small business tax cut' should be expanded to include more small businesses, including sole proprietors, who are currently precluded from taking advantage of the lower rate schedule. The Senate committee heard clearly from CPA's and others that **SB 165** was not a good idea because it added complexity and uncertainty for small businesses in the tax code.

**Silly Tax Proposals.** The past week was particularly interesting for the number of silly tax bills that were introduced that would impact local businesses, including:

- **HB 2875** - creates a new 5 cent per pound tax on coffee beans
- **HB 2877** - creates a new \$1,000 tax on vehicles over 20 years old
- **HB 2941** - disallows expensing of depreciable business assets on Oregon tax return

Here's what's coming up this week:

**Marijuana accommodation in the workplace.** This is perhaps the biggest potential event for the business community this coming week. The Senate Judiciary Committee is planning a hearing and a vote on **SB 301**, which prevents an employer from discriminating against prospective employees due to marijuana use. This bill is in direct conflict with the Oregon Supreme Court's decision in the *Emerald Steel* case, which held that Oregon employers are entitled to enact 'zero tolerance policies' on marijuana use. OSCC will strongly oppose this bill. We are further puzzled why the bill is scheduled for a committee vote when there are clearly not enough votes to pass the bill in the Senate. We do not anticipate that this bill can pass the legislature.

**Environmental Regulation Hearings.** The Senate Environment & Natural Resources committee will continue to take testimony this week on regulatory issues - this time on 'cap & trade' and a 'clean air tax'. OSCC is closely monitoring these issues, but again,

we do not anticipate that the legislature, particularly the Senate, intends to take up these issues in 2017.

**Property Tax Reform Hearings Continue.** The Senate Finance & Revenue Committee will continue hearings on property tax reform which would likely have the effect of accelerating values and property taxes for industrial properties. The legislation being considered is SJR 3. This bill repeals Measure 50 and requires that property taxes be assessed on real market value instead of assessed value (which can only increase 3% per year). SJR 3 is being considered alongside a companion bill, **SB 151**, which creates a sizable homestead exemption to lower property taxes for homeowners. The effect of the two bills is to effectively lower property taxes for homeowners and increase property taxes for commercial and industrial properties. Please note that both bills face a very uphill climb with steep hurdles, not the least of which is that Oregon voters must approve the change.

**'Equal Pay' Legislation Considered.** The House Business and Labor Committee will take a look at **HB 2005** this week. The legislation is another attempt to establish additional 'equal pay' provisions in statute. The bill makes it illegal to discriminate in pay for similar jobs. The bill also makes it illegal for an employer to consider pay history of a prospective employee. It is not yet clear how additional 'equal pay' laws will enhance the pay discrimination laws already on the books. OSCC will monitor this legislation closely, particularly for additional avenues to sue employers.