Springfield CHAMBER
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RE: City of Springfield's Proposed Payroll Tax
Date: April 17, 2026

Mayor Sean VanGordon and Members of the Springfield City Council,

On behalf of the Springfield Area Chamber of Commerce, thank you for the opportunity to provide testimony on the City's proposed payroll tax.

The Chamber has engaged in this process to provide balanced, solution-oriented input that reflects both the City's fiscal realities and the impacts on Springfield's business community. We recognize that this proposal involves real tradeoffs, and our goal has been to help shape an approach that supports essential services while acknowledging those impacts on employers and their employees.

The Chamber supports the ordinance as drafted, provided that it is paired with a sustained focus on long-term economic growth. A payroll tax can help address immediate fiscal needs, but it is not a long-term solution.

Long-term fiscal stability will depend on expanding Springfield's economic base - supporting business investment, facilitating job creation, and ensuring the City remains competitive in attracting and retaining employers. A strong and growing economy increases overall revenue and reduces reliance on additional or expanded tax mechanisms over time.

At the same time, businesses in Springfield are navigating a layered and growing cost environment, including local, state, and federal taxes, fees, regulatory requirements, wage pressures, and inflation. Within that context, even modest cost increases matter, particularly for small businesses operating on narrow margins. Any new tax must be considered carefully to avoid unintended consequences such as reduced investment, slower job growth, or missed opportunities for new business, housing, and redevelopment.

We have heard directly from our members that both the tax itself and its administrative requirements will affect their bottom line, with downstream impacts on hiring, wages, and benefits.

We have also heard concern about the potential for future rate increases. The ordinance's three-year guardrail provides important stability and maintaining that commitment will be critical to building trust with the business community. As you move into upcoming budget discussions, we encourage a focus on responsible cost containment, clear prioritization of core services, and long-term strategies that strengthen the City's economic base.

In December, the Chamber outlined key principles to guide any payroll tax proposal: simplicity, predictability, transparency, and clear guardrails for accountability. The ordinance before you reflects meaningful alignment with those principles, including the shared rate structure of 0.1% on employers and 0.1% on employees, a dedicated fund, a defined period maintaining the initial rate, and a commitment to public reporting and review.

The Chamber's position is grounded in balance. The City must fund essential services that support a strong community and business environment, while also maintaining the conditions necessary for businesses to grow, invest, and create jobs. Long-term fiscal stability depends on both.

We appreciate the City Council and staff's engagement with the business community throughout this process and the incorporation of that feedback into the proposal before you.

Thank you for your time and consideration.

Sincerely,
Paige Walters
Senior Director, Advocacy and Economic Development
Springfield Area Chamber of Commerce