



Taking action for basic human needs.

March 9, 2011

Representative Phil Barnhart, Co-Chair
Representative Vicki Berger, Co-Chair
House Revenue Committee

Re: HJR 18, HJR 19, HB 3008 & HB3009

The Human Services Coalition of Oregon (HSCO), has long advocated for a tax and revenue system that is fair, adequate, stable and transparent. In the current economic and fiscal climate, maintaining an adequate revenue base has, of necessity, become a major focus.

We are warned that Oregon has a structural budget problem and faces several biennia of slow revenue growth making it increasingly difficult to adequately fund services for a growing population, including a bulge in the State's elderly cohort. In addition, former Governor Kulongoski's Reset Report and Governor Kitzhaber's proposed 2011-13 budget suggest that the State must significantly change the way it delivers services. While acknowledging these realities, we also strongly urge your Committee and the Legislative Assembly to significantly change way in which the Legislative Assembly approaches the tax expenditure side of the budget equation.

We appreciate that progress has been made in moving Oregon toward a more disciplined approach to tax expenditures. In 2009, the Legislative Assembly passed a bill to sunset all tax credits over a period of three biennia. And, during this 2011 session, a Joint Tax Credit Committee has been created which has provided guidance to the policy committees currently considering sunsetting tax credits and will presumably prioritize those which are recommended for extension.

In this context, the bills your committee is considering today suggest additional, more fundamental, changes in how Oregon approaches tax expenditures. These suggestions merit careful consideration. In particular, we strongly support HJR 19, which would allow tax expenditures to be repealed, suspended and, we assume, modified, by majority vote of both houses. From a policy standpoint, it simply does not make sense that an action to reduce or eliminate tax expenditures (many of which benefit a small group of Oregonians) requires a supermajority vote while a simple majority can make significant direct expenditure decisions (including cuts which will result in significant job losses). Our position is that both types of expenditures should be on a level playing field.

Thank you for the opportunity to comment on this legislation.

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Bill Olson, Co-Chair
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(503) 851-7684 cell

Cc: Representatives Jules Bailey, Co-Vice Chair, Katie Eyre Brewer, Co-Vice Chair, Cliff Bentz, Sara Gelsler, Tobias Mad, Matt Wand

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MEASURE: HB 3008
EXHIBIT: F
HOUSE REVENUE COMMITTEE
DATE: 3/9/2011 PAGES: 1
SUBMITTED BY: JOHN MULLIN

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