



MEASURE: HB 2412
EXHIBIT: F
HOUSE REVENUE COMMITTEE
DATE: 3/10/2011 PAGES: 1
SUBMITTED BY: JOHN MULLIN

Taking action for basic human needs.

March 10, 2011

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

Re: HB 2412, ~~HB 3296~~, HB 3050, HB 3187, HB 3221

The Human Services Coalition of Oregon (HSCO), adopted principles of fairness, adequacy, and stability many years ago. Based on these values, and the current budget and economic climate, we are concerned about proposed reductions in capital gains taxes.

We have reviewed Governor Kitzhaber's proposed 2011-13 budget, and we note numerous human service reductions that will affect low income and vulnerable Oregonians, coupled with steep provider cuts. Moreover, there are assumptions for savings in year two of the biennium that may fall short of projections. As a matter of adequacy, reducing revenue for the next biennium would put further budget cuts in play.

And while these issues are on our mind for this session, HSCO has not supported capital gains tax reductions in the past. In our view, this is a matter of fairness. A distributional analysis of who would benefit from a capital tax reduction would include only a very small number of vulnerable and low income Oregonians.

However, we do have a somewhat different perspective on HB 2412. As we understand it, the bill would lower the capital gains tax rate to 9% in tax year 2011, and place the capital gains revenue in a rainy day fund. First of all, we are concerned about the potential for less revenue available for the budget this biennium, and more substantially in 2011-13. While this is a concern, we would like to participate in further discussion and learn more about this concept. Capital gains taxes are notoriously volatile, and the idea of earmarking these taxes in a rainy day fund to achieve greater long term stability is intriguing.

Thank you for the opportunity to comment on this legislation.

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Bill Olson, Co-Chair
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Cc: Representatives Jules Bailey, Co-Vice Chair, Katie Eyre Brewer, Co-Vice Chair. Cliff Bentz, Sara Gelser, Tobias Read, Matt Wand

The Human Services Coalition of Oregon (HSCO) is comprised of organizations and individuals from across the state who are committed to protecting and strengthening human services on which vulnerable Oregonians depend.



MEASURE: HB 3050
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MEASURE: HB 3221
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