

Senate Revenue Kicker/Savings/Capital Gains



Testimony 4.6.2011 Jody Wisner

It is essential that this state address both rainy day savings and kicker reform. We've been with you working in support of this since May. The statutory changes in the dash ones of SB 968 and SB 754 are complex, and still to be fully understood. But SJR 26-1 which would go to the public has the simplicity needed and perhaps the best adequacy we can get. Thank you for the effort to date and the effort ahead.

Since the beginning of the discussions, there has been talk of an un-described capital gains tax cut to be coupled with passage of kicker and savings reform. We will be watching carefully to see what bubbles out on this.

We've known all along that in 9 months, on January 1, 2012, there will be a significant capital gains tax cut when the income tax rate for those with more than \$250,000 in income drops to 9.9%. The prediction is that this will save those families an estimated \$134 million in the next biennium and nearly \$250 million in the biennium after that.

But as things have evolved both with this bill and elsewhere. The landscape has changed. What we see now is this:

With the particular SJR 26-1 plan, sending 50% of any kicker back to taxpayers leaves those same families who are getting a capital gains and income tax cut in January with another significant capital gains tax cut --every time there is a kicker. Means testing the kicker would not do that.

In addition to that, already this session the legislature voted many of those same families a \$93 million tax break on bonus depreciation and 179 expensing. This seems to have been the particular tax break most wanted this session by the business community. We don't see room for much more.

Public sentiment understands means testing. The public understands that capital gains tax cuts fly in the face of what they want -- means tested changes. The public is unlikely to buy increased cuts to services and more lost jobs in their communities' schools, in support of anything but the most finely targeted-to-Oregon, changes--changes that assure new jobs in this state in the near future.

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