

2011

OREGON REVENUE COALITION

Working Together for Oregon's Future

DATE: May 24, 2011
TO: Senate Finance and Revenue Committee; Chair Burdick and Members
RE: HB 2541

The Oregon Revenue Coalition offers this testimony to address our concerns with HB 2541, which would alter Oregon's estate tax law. Though there may be a case to be made for resolving confusion and streamlining estate tax law, we believe the bill as it has come to you has serious flaws. And, because Oregon's revenue losses are eclipsing all previous years of shortfall, it is in the state's interest to proceed carefully with respect to tax expenditure proposals, no matter how worthy.

Among the issues we see with the bill are these:

- It creates a new expenditure without a sunset;
- It does not require a purpose statement that may be tested in a sunset review;
- It is not revenue neutral – a goal that may be achieved by several means, such as by pairing it with the cancellation of an existing tax break of equal or greater value, or by adopting one of the amendments suggested by Tax Fairness Oregon;
- Its lack of a definition of “intangibles” may have the unintended consequence of exempting much more than is intended, thereby possibly driving up the revenue impact well beyond the current estimated \$700,000 per biennium;
- It appears to narrow the base and raise the rate, which creates greater volatility than a lower rate with a wider base of filers. In fact, the proposed rate would be among the highest in the nation, which does not encourage universal tax compliance.

Oregon already gives away 53 cents for every tax dollar it levies – leaving nearly \$28 billion on the table with its existing 378 tax expenditures. Because this legislature must make devastating cuts to services that Oregonians need and value in order to balance the budget, it is not responsible to pass new tax breaks for most purposes at this time.

We believe that the Legislature's first objective ought to be “Do No Harm”. Oregon's tax base is dwindling. The fairest and most stable tax systems have broader bases. Exacerbating the state's narrow and volatile system further is counterproductive to fiscal recovery. Furthermore, the hole in Oregon's budget is unmanageable and unsustainable. The response to this crisis ought to be responsible revenue increases, not revenue giveaways.

Our coalition respectfully asks this committee to either amend HB 2541 to remedy these concerns or otherwise leave the bill on the table until next session, when a new and improved version may be offered. Thank you.

oregon revenue coalition: *An ad hoc group of organizations representing public education, long-term care, human services, organized labor, civil rights, the faith community, and other areas. Members include* Advocacy Coalition of Seniors and People with Disabilities, AFT-Oregon, Alzheimers Association, American Association of University Women of Oregon, Alcohol & Drug Program Association of Oregon, Alternatives to Growth Oregon, Brain Injury Association of Oregon, Cascadia Behavioral Health Care, Inc., Children First for Oregon, Columbia River Pensioners (ILWU), Common Cause Oregon, Community Action Directors of Oregon, Community Providers Association of Oregon, Confederation of Oregon School Administrators (COSA), Gray Panthers of Oregon/Greater Idaho, Human Services Coalition of Oregon (HSCO), ILWU, Jewish Federation of Portland, League of Women Voters - Oregon, National Association of Social Workers – Oregon Chapter, Oregon Advocacy Center, Oregon AFL-CIO, Oregon AFSCME, Oregon Alliance of Seniors and Health Services, Oregon Association of Area Agencies on Aging & Disabilities (O4AD), Oregon Campaign for Economic Justice, Oregon Education Association, Oregon Environmental Council, Oregon Health Care Association, Oregon Hunger Relief Task Force, Oregon School Boards Association (OSBA), Oregon School Employees Association, Oregon State Firefighters Council, Oregon Student Association, OSPIRG, Pacific Northwest Council of Carpenters, PCUN, Rural Organizing Project, SEIU Local 503, Social Justice Alliance of Josephine County, Stand for Children, Superintendent of Public Instruction Susan Castillo, Support Oregon Services Alliance (SOSA), Survivors Advocating for an Effective System (SAFES), United Cerebral Palsy of Oregon & SW Wash., United Seniors of Oregon, Women's Rights Coalition.