Testimony of Anna L. Geller
of Cedar Mill, Oregon

Chair Barnhart and members of the committee,

Thank you for allowing me to speak today in support of House Bill 2456. My name is Anna Geller, and I'm the owner of an Oregon based Subchapter S corporation – Geller Silvis & Associates, Inc. - and a managing member of several Limited Liability Companies or LLCs.

I'm here today on behalf of our firm and the Equity Alliance of Oregon, which is a group of business owners and business leaders who believe that Oregon's ongoing prosperity is tied directly to the strength of its middle class and to providing real economic opportunities for all Oregonians.

We'd like to applaud this committee for beginning the critical work of looking for effective ways to rein in some of the billions of dollars Oregon gives away in tax breaks. Oregonians expect their legislators to be good stewards of tax dollars, and that should apply just as much to the money we give away through the tax code as it does to the money we spend on schools and infrastructure.

Over all, Oregon is expected to give away more than $36 billion in tax breaks over the next two years, much of that going to corporations and wealthy households that don't need the additional help. By finding ways to slow the growth of these tax expenditures, we can redirect those funds into our shared priorities—like investing in our education system so that Oregon will have the highly educated workforce we need to attract additional businesses to the state.

HB 2456 is a modest step in the right direction. In particular, I'd like to speak in support of the provision that caps personal income tax deductions for wealthy households. For the Equity Alliance, this proposal is a common sense approach to the problem. Most of the members of the Equity Alliance will see our taxes go up as a result of this revenue package. But as business leaders, we know that you can't remain successful if you're giving away more money than you invest in your future. We believe all businesses will prosper when Oregon has the revenue to invest more in education and can grow a stronger, even more skilled, local workforce.

For Oregon, that means investing in our K-12 schools, so that we no longer have the third largest class sizes in the country. It means investing in higher education, so that a college education is actually attainable for the kids of middle-class families, and so that emerging businesses will see partnership opportunities. And it means investing in the basic infrastructure that businesses need in order to create and distribute their products.

HB 2456 won't solve all of our state's problems, but it will help to provide some of the revenue needed to help us reinvest in these key priorities, and it does that by asking for a little bit of help from those of us at the upper end of the income scale. This measure preserves tax deductions for the middle-class families who actually need them, but it caps them for those at the very top, who've continued to do well even through the ongoing economic crisis. The Equity Alliance believes this is a fair and equitable proposal that will eventually benefit everyone.

We understand that some charitable organizations are naturally concerned about whether this cap on deductions for wealthy donors would cause them to reduce their donations. As individuals who would see our taxes go up as a result of this bill, we'd like to tell you that these concerns are mostly unfounded. The bill is designed to only apply to those at the very top levels of income, and it's phased in to lessen the impact. For instance, a taxpayer with $750,000 in adjusted gross income—that's more than 16 times the state's median household income, by the way—would see her taxes go up by just $2,677. In our view, that is not a sufficient amount of money to cause a dedicated donor to change their support of a valued charity. For someone with three quarters of a million dollars in annual income this is just not a lot of money.

But here's the biggest reason why this bill won't affect charitable giving: To the extent that deduction rates influence philanthropic actions, it's at the federal level. This measure in no way changes the generous federal deductions that wealthy individuals can take that might influence behavior.

In closing, I and the members of the Equity Alliance believe that legislators can and should do much more to raise revenue to actually fund education...HB 2456 is a fair and modest start towards that goal, but we must do much, much more to find real dollars to invest in our future.