

# HB 824: Tax Reform

Testimony for Senate Finance and Revenue, 4.17.2013, Jody Wisner



Oregon is one of five best states for fairness in state and local taxes

---Oregon Top 1% pays 7% of income in taxes, Bottom 20% pays 8.3%  
---Washington Top 1% pays 2.8% of income in taxes, Bottom 20% pays 16.9%

If Oregon is to add a sales tax, and many in TFO believe we should, then our goal when we start must be to retain and even improve our position as one of the five fairest states for state and local taxes

It can be done --- the four other states that share Oregon's distinction as being one of the five fairest states taxes all have sales, income and property taxes

Rate reduction of 3% on the taxable income of most Oregonians, but a 3.9% reduction for \$125,000+  
Consider these examples:

- 3% on incomes of \$20,000 = \$600 less in income taxes, roughly what family will spend on sales tax
- 3.9% on incomes of CEOs or investors making \$20 million = \$780,000 less in income taxes

---And still additional to benefits "entrepreneurs," property owners and corporations?

- a special capital gains tax break of 50% for Oregon assets held more than five years.  
In the example above, if \$10 m is from sale of commercial property, another \$200,000 in tax savings
- a 10% refundable credit of up to \$1 million for those -individuals or corporations-who invest in their business---with OBDD limiting it to \$50 m/yr - no sales tax and a new 10% public subsidy

---25 pages of exemptions, most of those pages are exemptions from sales tax for businesses  
advertising, aerospace, agriculture & aluminum industries get a free ride from sales tax,  
and that's just the A's---Every year you'll be asked to include others

---tax all business-to-business sales, or none---with the decision in the constitution

It's easy to see, keeping it fair wasn't the goal of this bill.

The capital gains break and tax rate breaks are permanent, the EITC increase is good for only 6 years

Doesn't bring in enough money

---we need a couple of billion,

---not a few hundred million a year if we're to restore our school class size and year

Why create a DOR structure equal in size to the one for income taxes, to net so little new revenue?

Why pick winners and losers amongst business?

Why increase income and asset inequality?

It is possible to design a tax system that includes a sales tax and retains fairness

But this bill will increase regressivity, favor certain industries, and do little to increase revenue

If Oregon is going to keep a fair tax system while adding a sales tax, that must be our goal