

2013

OREGON REVENUE COALITION

Working Together for Oregon's Future

Date: February 20, 2013
To: House Revenue Committee Chair, Rep. Phil Barnhart and Members
From: Laurie Wimmer, OEA Government Relations Consultant and ORC Chair
RE: *Changing the federal connection point to AGI*

It is an honor to represent the Oregon Revenue Coalition, as we come before this committee in support of the general concept of restoring Oregon's control over its state tax policy.

The Revenue Coalition, which is an *ad hoc* group of organizations and individuals representing public education, long-term care, human services, labor, civil, rights, policymakers, and others with a shared interest in advocating for a revenue system that meets the public's expectations for fairness, stability, and adequacy, has monitored revenue policy in the Oregon Legislature since its formation in 2001. Our 100+ members believe that Oregon's tax base should be broad, fair, transparent, and sustainable. In 2003, we published a Primer on Tax Expenditures and have worked on revenue policy issues in each of the eight prior regular or special sessions.

Though it is our understanding that the bill before you today – HB 2456 – is not a finished concept and may contain a scrivener's error, we are apprised that your main purpose today is to explore the notion that Oregon ought to determine its revenue policies, rather than simply tag onto federal tax law. We agree with that proposition.

Our priorities for a healthy revenue system are based on our coalition's agreed-upon criteria for analyzing tax policy. We identify as positive change those proposals that improve the system in terms of efficiency, efficacy, transparency, accountability, stability, fairness, and general acceptability to the greater citizenry. For instance, we have long called for evidence of performance that tax expenditures efficiently meet their intended rationale in order to be extended. We believe that policies that improve the lot for middle-class Oregonians are especially important, whether these are service- or tax policy-related. Finally, we have long advocated that the Legislature adopt a global budgeting perspective that addresses both tax expenditures and other revenue policy alongside program budgets in the biennial management of taxpayer resources.

The intended direction of HB 2456 meets these criteria. It is our understanding that the system suffers when incomes decline but deductions continue to climb. Eliminating federal deductions by connecting to AGI would stabilize and broaden the tax base and also distribute the tax responsibility more equitably among taxpayers – a fairness benefit. The concept is one that would give Oregon better control over its tax system and would be efficient and administratively straightforward. It does not isolate specific pet peeves for elimination, and it improves policymaker accountability to Oregon voters for the design of our tax system. We look forward to the refinement of this concept as the Session moves forward and pledge to work with this committee in support of restoring Oregon's control over its revenue system.