

Tax and Conversation

Alex Linsker, Statewide Community Organizer
 Phone: (503) 369-9174 Fax: (503) 517-6901
 Email: alex@taxandconversation.com
 322 NW Sixth Ave, Suite 200
 Portland, Oregon 97209
 taxandconversation.com

HB 2470: The Cultural Trust Tax Credit

Testimony for House Rules, 2.18.2013

Mr. Chair, members of the committee,

Every full-year taxfiling Oregonian would get a \$700 refund every month if all Oregon and federal income tax credits, deductions, and other exceptions in Oregon were averaged.¹

Oregon's *stated* income tax is slightly progressive but of \$6 billion every year in income tax expenditures,

66% goes to the 20 out of 100 people with the most money. A fourth of all tax exceptions go to the 1 in 100 people with the most money.² **Paid** income tax in Oregon is regressive, as is this tax credit.³

The Oregon Cultural Trust Tax Credit does not measurably increase but may have decreased donations to arts and cultural organizations (p20).⁴

I value the arts and I value culture and I value Oregon. My background is originally as a theatre producer, and I am a City Club member. City Club is one of my favorite organizations, and is one of the valuable organizations whose members can claim the credit. I am a businessman, and I looked at the EcoNW study about the Trust's economic effect.

The study, if I read it correctly, says, "It is not hard to understand why people donate to the Oregon Cultural Trust. **For those who donate to arts and culture nonprofits, the contribution is costless, and is hard to beat free.**"⁵ But there's a footnote on page 19. "**Technically, there is an opportunity cost to the contribution to the Oregon Cultural Trust. By contributing to the Oregon Cultural Trust, the taxpayer reduces the amount of money in the General Fund. As such, the taxpayer making the contribution effectively gives up the value they place on what the State would have spent the money on.**"⁶

But like the vast majority of Oregonians, I do place value on what Oregon would have spent the money on. I value the 7 core government services of: education, healthcare, environment, safety, law, transportation and representation. **I value Oregon's biggest employer: state and local governments hire 300,000 jobs, 1 in 5 jobs in Oregon, and pay better than average.**⁷

My reading of the current economic model called "input-output" is it values at \$0 each of Oregon's 300,000 government jobs. The software company that provides that model recommends a different model be used to include government jobs.⁸

Moving forward my recommendation is to use an economic model that values each government job at a 1:1 equivalency as private jobs at the same full-time equivalent total salary and benefits.

1) Oregon tax expenditures: \$6.25 billion/year, or \$12.4967 billion/biennium. p5 oregon.gov/dor/STATS/Pages/tax-expenditure-report-2013-2015.asp Federal tax expenditures: \$7.5 billion/year. \$13.75 billion/year to 1.6 million Oregon full-year taxfilers = \$8,750/year or \$700/month. Tax and Conversation is working on a statewide amendment to end all tax exceptions. Each taxfiler will get \$700 each month, and billions more for quality core government services. I've spoken with more than a thousand Oregonians in the past 7 months and have another year of research. EcoNW, which I have only heard good things about, was referred to me to perhaps hire.

2) p1 taxpolicycenter.org/numbers/Content/PDF/T11-0322.pdf

3) Additional Detail by Income for Oregon Income Tax Provisions Expiring in 2013-15. DOR Research, October 2012 →

4, 5, 6, 8) <http://oregonculture.org/wp-content/uploads/Cultural-Trust-Report-FINAL.pdf> The IMPLAN economic "input-output" model is used to assess many Oregon tax credits (p10). "SAM accounts are a better measure of economic flow than traditional input-output accounts because they include "non-market" transactions. Examples of these transactions would be taxes" and "SAM adds non-industrial financial flows in addition to the typical I/O elements." implan.com/v4/index.php?option=com_content&view=article&id=282:what-is-implan&catid=152:implan-appliance-&Itemid=2 and test.com/&id=649%3A649&catid=262%3AKB41&Itemid=8

7) <http://www.qualityinfo.org/olmsj/ArticleReader?itemid=00006781>

1.458 Oregon Cultural Trust

Income Group of Taxpayers	Number of Filers Taxing Credit	Percent of Filers in income group filing credit	Average Revenue Impact of Credit	Revenue Impact (\$ values)	Percent of Revenue Impact by Income Group
Below \$1,000	10	0.2%	\$1	\$0.03	0.0%
\$2,700 - \$6,900	11	0.2%	\$1	\$0.03	0.0%
\$6,900 - \$9,700	10	0.2%	\$2	\$0.03	0.0%
\$9,700 - \$14,000	9	0.2%	\$3	\$0.03	0.0%
\$14,000 - \$18,000	21	0.4%	\$3	\$0.03	0.0%
\$18,000 - \$27,000	40	0.8%	\$10	\$0.03	0.0%
\$27,000 - \$32,000	40	0.8%	\$14	\$0.03	0.0%
\$32,000 - \$38,000	85	1.6%	\$21	\$0.03	0.0%
\$38,000 - \$52,000	81	1.5%	\$31	\$0.03	0.0%
\$52,000 - \$62,000	135	2.5%	\$18	\$0.03	0.0%
\$62,000 - \$84,000	147	2.8%	\$22	\$0.03	0.0%
\$84,000 - \$107,000	235	4.4%	\$23	\$0.03	0.0%
\$107,000 - \$150,000	232	4.3%	\$22	\$0.03	0.0%
\$150,000 - \$207,000	241	4.5%	\$28	\$0.03	0.0%
\$207,000 - \$270,000	432	8.0%	\$34	\$0.03	0.0%
\$270,000 - \$340,000	530	9.8%	\$35	\$0.03	0.0%
\$340,000 - \$420,000	242	4.5%	\$45	\$0.03	0.0%
\$420,000 - \$460,000	130	2.4%	\$51	\$0.03	0.0%
Above \$460,000	2,134	39.7%	\$73	\$0.03	0.0%
All Taxpayers	6,447	100%	\$68	\$373	100%
State Revenue	54		\$104	\$102	