



Date: February 5, 2014
To: House Revenue Committee, Chair Barnhart and Members
From: Laurie Wimmer, OEA Government Relations
RE: ***HB 4141***

On behalf of OEA's 42,000 K-12 and community college educators across Oregon, I am honored to testify in favor of HB 4141, which would secure local revenues for schools in counties that enact tax giveaways as an economic development tool.

While it is an article of faith that programs as SIP and other local tax abatements yield an economically efficient return on investment, evidence is unaudited and anecdotal. We are therefore forced to focus on the revenue impacts of such programs – revenue impacts to taxing districts that typically have scant if any say in the decision to entice business development through tax breaks. As the proponent of this bill has pointed out, some \$378 million of school revenues alone was foregone in the current biennium. That is approximately \$670 taken from the pockets of each and every student in Oregon. For their sacrifice in Washington County alone, our students have lost beloved teachers and now must endure cuts to programs and ever-increasing class sizes. One of our science teachers in Beaverton told this legislature last year that he had two science classes of 58 and 60 students – an untenable learning environment, and one that compelled him to cancel some of his science labs because of the dangers of insufficient supervision. And that is just one anecdote among hundreds.

But this issue is not just a local revenue question. Even if the Legislature were to insist that a local school district be consulted over such giveaways, unfairness would remain. That's because local revenue is offset in the State School Fund formula, so the students in all school districts in the state suffer when a single locality foregoes school revenue. The lockbox concept is superior to local district involvement as a remedy for this problem, because otherwise, a single school district would be put in the position of deciding on abatements that impact the quality of education for students throughout the state.

We are grateful to Rep. Unger for beginning the conversation on this critical issue, and thank the committee as well for its time in discussion of the idea. Oregon's expectations for our schools are rightfully ambitious, but our champagne tastes exceed our beer budgets. We are still, even with recent efforts to build back after recession-related cuts, nearly \$2 billion short of the money we know we need to help every student achieve to our new high standards and expectations of achievement. It is

difficult to watch some demand greater accountability to ever-higher standards on one hand while giving away hundreds of millions of dollars in corporate tax breaks on the other, which cause school budgets to fall short. HB 4141 recognizes this disconnect and proposes a way to align our budgets with our ambitions. While cancelling tax breaks always faces tough sledding – because recipients of the abatements have grown used to the giveaways and won't give them up without a fight – we appreciate the opportunity to at least shine a light on the issue so that we can begin to contemplate a world in which investing in education is seen as the greatest economic development tool in your toolkit (as economists will tell you), instead of well-intended but unfortunate, race-to-the-bottom corporate tax policies. Thank you so much for your attention to this vital issue.