

House Revenue Committee Testimony on SB611A, March 10, 2015

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Mr. Chairman and members, I am Steve Robinson, principal consultant at Decision Metrics. When I'm not talking with you, I am an angel investor and mentor to emerging businesses in the Southern Willamette Valley, and a member of the Eugene Chamber's Economic Development Council.

My message for you today is to go slow. Don't get in a hurry to pass a bill you don't completely understand. I've been trying to follow it for several weeks and I know I don't fully understand its implications for local district revenues and the state school fund.

Here's what I **do** know. Once again, a particular sector of the business community is coming forward with a proposal to reduce their taxes, without suggesting an alternative source for making up that lost revenue. I suggest that you adopt the attitude that **this isn't okay any more**.

Virtually everyone in the business community, which is **my** community, agrees that schools are underfunded, and they're not producing enough well-qualified workers to meet business needs. Plus, it's hard to recruit good employees to move to Oregon when their kids will receive a substandard education, a school year that's too short, no art or music or other enrichment activities, and when they graduate they won't be prepared for the jobs of the future.

And yet when a group comes with a proposal to reduce business taxes, the default position, which is never said out loud, is simply to take that money out of the General Fund by firing teachers, increasing class sizes, and maybe scrimp a little bit out of employment-related day care or home care for seniors as well.

Let's change the paradigm. Let's say that when a group comes to you with a proposal like this one, which will cost **\$35 million a biennium**, you turn around and say to them "Show me the money." Tell them we can't afford to cut the budget for schools any more. Tell them business taxes in Oregon are already the lowest in the entire nation, because so much of the load is now being placed on the personal income taxpayer. **Demand that for every dollar of business taxes that they are asking to be cut, they need to find a dollar of business tax enhancement somewhere else to make up the gap.**

Many tax credits and subsidy programs that you've enacted into law in the past were good ideas, and produced positive results for the state. I wish we knew exactly which ones are working, and which ones aren't, but that's another subject. The problem is that the money to fund those programs was not made up through other sources, and we are now harvesting the results: decades of underinvestment in education and ill-prepared workers.

Tomorrow we'll talk about **instituting better controls and data-tracking** regarding these kinds of incentive programs. Today, we need to **resist adding to the funding problem** by approving new incentives without corresponding revenue offsets.

Thank you for your attention.