



Date: April 1, 2015
To: Senate Finance and Revenue Committee, Chair Hass and Members
From: Laurie Wimmer, OEA Government Relations
RE: *SB 129 [Gain Share]*

On behalf of OEA's 42,000 members, I am submitting testimony expressing concern over the various proposals to redistribute personal income tax increments under the Gain-Share program. Because Oregon is poised to once again fund education at a loss, our members prefer that you end this failed experiment, rather than amend it.

As we noted last week, Gain Share exacerbates the loss of local revenues brought about the Strategic Investment Program tax break by further siphoning money out of the state's till to reimburse counties for their abatement deals – deals to which the education community has never been a meaningful partner. SB 129 and its four different amendments seek to retain the program but cut in several entities. Still, however, the program's high revenue depletion is allowed to continue with the personal income taxes redirected, some even to schools.

We prefer the proposal discussed last week (SB 57), sponsored by Sen. Ginny Burdick, that would limit the increment to new jobs created, thereby lessening the impact to the General Fund.

We note that one of the main recipients of Gain Share – Intel – is the state's largest employer. The second largest Oregon employer, however, is our public school system. Gain share and SIP pit #1 against #2. SB 129 softens the blow of that reality, but it does not end it. And some versions of the proposed amendments create new problems. Among the various iterations, only the dash 3 amendments avoid circumventing the equalization formula entirely and make a payment against losses to the State School Fund. Additionally, by making sure that CTE resources go to the universally supported Revitalization Grant Program, the 15 percent set aside for this program is better drafted than in the other versions.

We appreciate that an effort has been made to share some of the resources with K-12 and community colleges, which have lost so many local resources under the Strategic Investment Program over the years. Additionally, we believe that Career and Technical Education programs deserve support. Still, when schools are facing the very likely scenario of layoffs due to insufficient funding, it seems incredible that anything less than a full repeal of Gain Share would be this Legislature's choice. Our education system is the best economic development tool – both for the short and long runs – that Oregon can reliably depend on, and yet, a continued commitment to SIP and the shared services fund seem to trump our schools' and community colleges' budgetary sufficiency and the jobs that are embedded in their enterprises. For these reasons, we ask that this well-intentioned idea be replaced by gain share repeal or SB 57 instead. Thank you.