

From: kris alman [<mailto:kris.alman@gmail.com>]
Sent: Wednesday, February 15, 2017 6:53 PM
To: LRO <lro.exhibits@state.or.us>
Cc: Sen Hass <sen.markhass@state.or.us>; sen.brianboquist@state.or.us;
Sen.HermanBaertschiger@state.or.us; sen.chuckriley@state.or.us;
sen.kathleentaylor@oregonlegislature.gov
Subject: Amend SB 165

Chair Hass and members of the Senate Finance and Revenue Committee,

A constituent of Senator Hass, I have long been a *citizen* activist working toward fair taxation that adequately funds public education, healthcare and all the important activities that make Oregon a special place to live.

I went to the Ways and Means Town Hall in Portland this past weekend. The room was packed, so the vast majority of us did not get a chance to speak. Resoundingly, the room wants to see corporations pay their “fair share.”

The 2013 “Grand Bargain” created an unfair share, giving tax breaks to partnerships or S corporations that employ at least one part-time person who is not an owner, member or limited partner of the partnership or S corporation. Willamette Week says the small-business pass-through income is costing the state coffers \$120 Million per biennium.^[1] **This tax break should be further amended to require businesses create higher quality full-time jobs; and with caps that ensure taxpayers are not on the hook for paying for these new jobs.**

SB 165, as written creates a contingency that these businesses have “a net increase in full-time equivalent employees and its employees have an equal or higher average hourly wage.” What does this mean? Provisions of the existing bill state: “at least 1,200 aggregate hours of work in Oregon are performed” and “only hours worked in a week in which a worker works at least 30 hours may be considered.” Could these “job creators” qualify by creating two (or more) part-time jobs that pay a total of \$20,800 (52 full-time equivalent weeks at minimum wage) or, even worse, a total of \$12,000 (1,200 aggregate hours of work = 30 weeks of full-time work) at minimum wage as long as these new employees work 30 hours per week?^[2]

This \$120 Million tax break is a boondoggle when it subsidizes poverty-wage, part-time jobs and drains essential revenue for social safety nets. Furthermore, it's possible that, without caps, taxpayers may foot the entire bill to pay these unfortunate employees.

There are a whole host of other questions that arise when I read the bill. What agency would regulate this? Do they have the manpower to do so? If the Revenue Department is responsible, do they even have access to employment records to see if the requirements are met?

To make sure this bill doesn't become a *bigger* runaway tax expenditure *at a time when we have a \$1.8 Billion shortfall*, the Committee should consider these possible amendments:

- Remove “aggregate” and increase requirement to **2080 hours of work (inclusive of paid sick leave and vacation)** performed in Oregon
- **Wages are 1.5 times the prevailing wages** for Portland metro and nonurban counties
- The **tax reduction cannot exceed 5% of total salaries** paid for the new jobs created

Respectfully,
Kris Alman