



HOUSE OF REPRESENTATIVES
900 COURT ST NE
SALEM, OR 97301

June 13, 2017

Re: In Support of HB 2830

Dear Co-Chairs and Members of the Joint Committee on Tax Reform,

As Chair of the House Committee on Human Services and Housing, I implore you to **pass HB 2830** to reform how we collect business taxes and raise more revenue.

Changes to date in the proposed Commercial Activities Tax (CAT):

While I lament the reduced revenue from Speaker Kotek's original proposal of \$2 billion, this revenue reform will at least set us on a more adequate, stable, and fair tax system than our current deficient system.

I appreciate the plan to implement the CAT after the 2018 session, and to increase the corporate income tax rate in the meantime. I also appreciate the nuanced approach of the four-tiered tax rate by sector, taking into account typical sector net profits and potential for pyramiding.

My suggested change to the Income Tax Reduction proposal:

While I vigorously support HB 2830 and appreciate the efforts to lower the tax rates for the low and middle income Oregonians, I implore you to **adopt the "low income tax credit" proposal** by Oregon Center for Public Policy. The tax credit is a more effective way to help low income families through tax relief, while HB 2830's increased revenue for education, human services and housing is the part of the bill that will have the biggest positive impact on millions of Oregonians.

The Need:

Because my committee deals with the needs of Oregon's most vulnerable populations, we hear first hand of the issues facing foster children, families in poverty, domestic violence victims, seniors, and people with disabilities.

The fact that we fall woefully short on meeting the needs of our most vulnerable is not only evident in the increased number of people we see sleeping in cars, under bridges and on the streets, but also in the statistics that compare us to other states.

In addition to our notoriously dismal ratings in education (large classrooms, short school year, low nurse/student ratio), we are rated 50th in mental health services



and in child welfare and 47th in home ownership, with among the highest increase in housing prices and rent in the country.

Our schools are increasingly impacted by the housing crisis. Students miss school due to asthma, in part because parents are reluctant to report mold when they fear eviction. Other students are priced out of their rental homes and must switch schools mid-year, or worse, become homeless. Nine percent (21,352 students!) were [homeless in 2016](#), with Dayville SD 16J in Grant County at 20% and Butte Falls SD 91 in Jackson County at 35.62%.

We cannot reach our education and workforce goals when students and adults have no home or address. Rural hospitals struggle to find employees, and businesses on the coast are shutting down, with one restaurant placing a sign on the door saying it can't find employees due to the housing crisis.

In addition to Oregon's lack of investment in housing, the federal government is decreasing its HUD allocation to our state by \$53 million this year, as well as significantly slashing heating and home energy assistance and hunger programs.

The House Committee on Human Services and Housing passed a modest package of housing bills, which in addition to increases in Emergency Housing Account, requires nearly \$100 million in General Fund dollars. These bills have bipartisan sponsorship and passed unanimously out of my committee; but we keep hearing that there is "no money for new initiatives."

Likewise, we passed several human service bills to improve foster care, long term care, and child abuse services; they are now stuck in Ways and Means. We have long known we need to significantly increase our investments in child welfare to avoid the front page stories of foster kids waiting in hotel rooms for placements, or dying at the hands of ill equipped and poorly supervised placements. Our system of care for seniors and people with disabilities is so underfunded that employees can't keep up with rents and are leaving the field.

How do we meet our intractable problems when we have one of the lowest corporate tax burdens in the country, and we chronically fall short on investing in human and physical infrastructure?

I urge you to address this most critical issue of the 2017 session and pass HB 2830.



Representative Alissa Keny-Guyer