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The Honorable Mark Hass  
The Honorable Phil Barnhart  
Co-chairs, Joint Committee on Tax Reform  
900 Court Street, NE  
Room 354  
Salem, OR 97310

**RE: HB 2830 Work Session**

I am writing in opposition to HB 2830. Now is not the time to adopt a commercial activities tax, and there is a better path forward in the short time left this legislative session.

Standard Insurance Company (The Standard) has been headquartered in Portland for 110 years and employs more than 3,000 individuals nationwide, the majority of whom are in Oregon.

As part of the Brighter Oregon coalition of the Oregon Business Plan, we have offered to work with legislators to not only to balance the upcoming two-year budget, but also to put the state on a sustainable fiscal path moving forward so that investments can be made that will positively impact the lives of Oregonians.

Our proposed approach will result in more revenue to invest in education, ensure healthcare access and grow jobs and incomes. It is based on shared responsibility: business must agree to new taxes and government leaders must agree to adjust a cost structure that has far outpaced even Oregon's record revenue growth.

Quite simply, we are paying too much today as a state for legacy costs that benefit a few. That's why record investments in K-12 education in recent years have done nothing to address our unacceptably low graduation rates or our short school year. It's also why a record revenue forecast still leaves a billion dollar budget deficit in its wake.

We believe it's time to reset the State's cost structure in a few key areas, and then target additional business taxes to outcomes the business community and legislators already agree upon.

We do not, however, support new money that will simply go to fund old problems.

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The current commercial activities, or gross receipts, tax on the table is not ready for adoption. It has not been adequately analyzed by businesses as it was only unveiled a few weeks ago, and it comes too soon on the heels of voters' overwhelming defeat of a similar gross receipts tax.

Shifting to a tax on receipts, or sales, is a dramatic change from taxing companies based on ability to pay (their profits). Doing so without deep analysis of the different sectors and business types within a sector will lead to inherently unfair results, results which end up being paid by consumers.

Substituting a gross receipts tax for a corporate income tax creates varying disruptions depending on the industry and the company. It is clear that **some companies – including some that are both large and profitable – will see their Oregon taxes go down under HB 2830**. That seems very inconsistent with the stated desire of many backers of HB 2830.

The many adjustments to rates for different categories of businesses that have occurred since HB 2830 was introduced has made tracking even the current state of the proposal a logistical nightmare. Such a fundamental change to Oregon's tax structure deserves a more thorough and open process of discussion and analysis.

We are committed to a deliberate tax reform process which includes new revenues, but the present rush to adopt an entirely new business tax structure without adequate vetting by business is not conducive to real reform.

As a reminder, as part of a broader tax and cost structure reform effort already presented to this Committee, we are prepared to support new business revenues aimed at outcomes which are widely supported by businesses and elected officials across the State:

- Age-3-to-Grade-3 literacy programs to ensure all third graders are reading at grade level;
- CTE and improved high school graduation rates envisioned by Measure 98; and
- Additional funding to improve post-secondary affordability, access, student retention and degree completion.

Our coalition has put a cost control and revenue proposal on the table which will allow this Legislature to fund and accomplish these goals now. We think it is a better – and more viable – path forward, and is a path which creates space for legislators and businesses to then work together on holistic tax reform for the good of all Oregonians.

Justin Delaney  
Vice President, The Standard