



June 15, 2017

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: House Bill 2830-3

Dear Co-Chair Hass and Co-Chair Barnhart,

Our organizations represent thousands of businesses – small, medium and large – including the diverse range of industries that employ hundreds of thousands of Oregonians in every corner of the state of Oregon. We are all members of Brighter Oregon, the Oregon Business Plan coalition, along with many other individual businesses and organizations. Our coalition is focused on not only balancing the budget for the upcoming two-year budget, but also to put the state on a sustainable fiscal path moving forward and making investments that will positively impact the economy and lives of all Oregonians.

Oregon needs cost containment and new revenues based on the existing tax structure, rather than focusing on a gross receipts tax, this legislative session.

We do not support moving forward with HB 2830 -3, or any other version of a ‘to be implemented in the future’ gross receipts tax. From our perspective, the longer the legislature focuses on a GRT, the less time it has to find a path forward that contains long-term cost containment AND new revenues within the existing tax structure to make a difference for Oregon students now and in the future.

Instead, we propose a plan that includes \$500 million in new revenues within the existing tax structure to go along with meaningful cost-containment and targeted investments in education. We believe there is a solution of shared responsibility that can pass this session and we want to be part of that solution. There needs to be a table where both cost containment and revenue within the existing tax structure come together as part of one conversation. We urge you to create that table and engage with legislators of both parties and all stakeholders in a meaningful way.

We cannot support large increases in revenue if meaningful cost containment does not move forward. We appreciate that there are two bills (SB 1067 and SB 1068) that propose cost

containment measures related to public employee health care benefits and PERS. While these bills represent a step in the right direction, the general fund savings they would generate do not sufficiently bend the cost curve in these areas that are projected to consume larger and larger portions of the state's general fund revenues and diverting money from critical services. The bills to contain costs for public employee health benefits and PERS must go farther.

Even though we oppose passing a gross receipts tax this session in any form, we are eager to engage in a discussion about overall tax reform where everything is on the table, including a CAT and other taxes once we have done the necessary work this session to stabilize Oregon's fiscal position. We greatly appreciate all the work you have done. However, the complexities of tax reform are such that it will take time to identify issues, undertake needed analysis about impacts to the economy, various industries and individuals, and work with the broad range of stakeholders that should be engaged in this conversation. We pledge to work with you in this pursuit.

We appreciate the efforts of legislators that have been working to address these challenging issues. We are adamant that there is a path this legislative session that will significantly change the status quo and allow us to collectively engage in additional discussions about the entirety of Oregon's tax system for the long-term.