



From the Desk of  
Senator  
Law Frederick

A handwritten signature in blue ink, likely belonging to Senator Law Frederick, positioned below the text box.

## Please Vote Yes on SB 1528B: Retain Oregon's Expected Revenue

Until Congress passed the federal Tax Cuts and Jobs Act, Oregon expected to collect a certain amount of revenue for the current biennium. The budget writers in Ways and Means developed a two-year budget based on that revenue. Now Oregon (and most other states) must determine how the new federal tax system will affect state revenues and work to preserve Oregon's priorities, not Washington, DC's.

**SB 1528B disconnects from a new provision of the federal tax law that could not be anticipated when Oregon's budget was crafted.** That provision creates a special tax break for individuals who own certain types of businesses. It will plow an enormous \$258 million to \$270 million hole in Oregon's already-tight budget. To dig out of the hole, the Legislature might have to **cut more than 1500 teaching jobs over the two-year biennium or lop 11 days off the school calendar, even though we already have one of the nation's shortest school years.**

Some have argued that SB 1528 hurts small business, but this is simply inaccurate:

1. The tax break is new so business owners have not planned for it nor have they ever claimed it.
2. Any business owners that qualify for this federal tax break will still be able to claim it to reduce their federal tax liability.
3. Many of these business owners already receive an Oregon tax break that allows them to pay a **much lower tax rate than the rate paid by the teachers, cafeteria workers, and bus drivers.**
4. According to the nonpartisan Legislative Revenue Office, **61 percent of the federal tax break, if allowed for state taxes, would flow to the richest five percent of Oregonians – not the "little guy."**

With more than half our students classified as low-income, and with two-thirds of them scoring a 4 or higher on the ACES scale ("Adverse Childhood Experience" metric), and with 23 percent of these children experiencing homelessness, our classrooms have become increasingly disrupted by students who are struggling to cope with the triple whammy of poverty, dysfunction, and high class sizes. Now is not the time to exacerbate this critical complex of problems by reducing state revenue by such jaw-dropping sums. That is especially true here because this tax break is widely regarded as an expensive carve-out that makes the tax code more complex and ripe for abuse.

**PLEASE SUPPORT SB 1528B. THANK YOU.**