

August 6, 2020

To: Members of the House Interim Committee on Revenue

### **Decouple Oregon from the CARES Act Tax Breaks**

Fight for Our Future is a growing coalition that includes organizations serving children and families, Black, Indigenous, People of Color (BIPOC) organizations, older adults and seniors, labor unions and advocacy groups who have come together during a time of unprecedented demand for state services to call on our leaders to finally address hundreds of years of systemic racism in how public services are funded and provided.

Oregon's legislature has a unique opportunity to rebalance the budget by not simply cutting services Oregonians depend on, but also retaining revenue that would otherwise go out in new tax breaks largely for millionaires.

However, the opportunity to act is narrow. When Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act in March, hundreds of millions of dollars worth of new tax breaks were also created in the Oregon tax code because of our connection to federal law. Based on analysis from the Legislative Revenue Office, these unnecessary tax breaks (business loss limit, net operating loss expansion, and expanded business interest expensing) will end up costing Oregon about \$225 million in the current budget period. We cannot wait until 2021 to plug this hole. The Oregon legislature must act during a special session.

The current plan for the special session includes cuts to important services all Oregonians depend on. While we appreciate the legislature's desire to protect some services by utilizing reserves and not making across-the-board cuts, we encourage you to go one step further and take action to protect every day Oregonians, not the wealthy.

Without action to decouple, the worst of these tax breaks will send the vast majority of the benefits to millionaires, exacerbating generations of racist policies and structures.

Now is the time to invest in BIPOC families to support their resilience during the ongoing health and economic crisis that COVID has brought upon us, not millionaires who are thriving off of tax cuts. Decouple Oregon from these flawed tax breaks and preserve services Oregonians depend on.

Thank you.

