



**Coalition
for the
Common
Good**

**Testimony to the Joint Committee On Student Success Subcommittee On Revenue
February 21, 2019**

**Jim Carlson
CEO and President, Oregon Health Care Association**

Co-Chairs Hass & Nathanson, members of the committee – Thank you for the opportunity to testify this evening.

For the record, I am Jim Carlson, the CEO and President of Oregon Health Care Association, a statewide trade association, representing over 1,000 businesses and organizations throughout the state. Our members employ over 50,000 Oregonians.

I am also representing today the Coalition for the Common Good – the coalition is a unique group of Oregon labor organizations and businesses committed to helping build and support solutions to help achieve our aspirations as a state and address significant challenges we face.

We are united in our belief the status quo in Oregon is untenable. Despite the best of intentions, past attempts to solve some of Oregon's most pressing problems have not brought about the solutions we desire.

We believe revenue reform and adequately funding Oregon schools are two of the most significant challenges we face.

For over 50 years now, every Oregon governor since Tom McCall has grappled with the problems created by our current tax structure. Both Republican and Democratic governors have tried and failed in their efforts to address the inadequacies of our current system.

Our goal as a coalition is not to recommend to your committee tonight, any one, single tax proposal, but to instead offer to work with you and other businesses and organizations to develop pragmatic, nonpartisan solutions from a menu of options before the committee.

We stand ready to work with you and the legislature as a whole on proposals that reflect our collective values, and that will raise an additional \$2 billion a biennium in targeted additional investments to fund

our schools. It is our hope we will be able to arrive at a common destination with this committee and that we will be able to help rally broad-based support for your work from business leaders and labor and most importantly, from Oregonians across the state.

Before shifting gears into a high-level summary of the menu of various revenue proposals we have been focused on, I wanted to take just a minute to discuss our current tax structure and let you know our coalition is unanimous in our belief the status quo (our current system) is not a tax system worth defending –

- First off, it is not delivering the resources needed to fund the level of investments desired in education and other essential services.
- We are more reliant than any other state in the country on revenue from personal income taxes.
- Our disproportionate reliance on personal income taxes results in volatility and instability during downswings in the economy.
- The high personal income tax rates we pay in Oregon results in a tax system whereby a minimum wage worker hits the 9 percent tax rate after only \$8,700 in earnings.
- Diversifying and broadening our business or commercial tax base would also give us the opportunity to provide some tax relief to individual taxpayers, particularly at the low and middle-income levels.

Most of the coalition's work-to-date has been focused on six different options –

- Simple Commercial Activities Tax (CAT) with a low rate, a broad base and very few exemptions
- Simple CAT with additional exemptions for certain essentials (groceries, fuel, utilities and some health care)
- Tiered CAT to reflect different industry needs and impacts with very few exemptions
- Tiered CAT with additional exemptions for certain essentials (groceries, fuel, utilities and some health care)
- Washington State-style B & O Tax
- Business Activity Tax or VAT (OBI/OBC Proposal)

We have been following both the work and the discussions in your committee, as well as engaging in lots of discussions with tax policy experts and a wide variety of different types of business entities in Oregon.

The challenge before this committee, and the legislature, is significant and important. Restructuring our tax system has been a bit of a quest for the Holy Grail for over 50 years now.

I would like to leave you with these final thoughts/questions –

- Is the status quo delivering the results and the outcomes we desire and allowing us to make the needed investments in our schools?
- If not now, when? There will always be competing issues and challenges that we face as a state.
- What is the cost of continued inaction? Do we want to risk short changing another generation of Oregon school-children to continued inaction.

Thank you.