

**House Committee on Health Care
Testimony on HB 3262
March 28, 2019**

My name is Bennett Minton. Before I moved to Oregon in 2018, I was for three decades a federal legislative analyst, mostly in tax policy.

Two weeks ago I submitted an op-ed to *The Oregonian* () about the proclivity of legislators of both parties to use the tax code to achieve goals large and small. Most of these bills are minor. Taken together, they undermine the tax code as a rational, equitable and efficient instrument of raising revenue for the services that you, the legislature, find to be in the best interests of all Oregonians.

Three of the bills I wrote about in *The Oregonian* are relatively minor. The fourth, HB 3262, is not. If enacted, it would have major effects on the state's labor market and employers that I don't have the credentials to analyze, but they strike me as significant. Perhaps those effects have been contemplated, but I haven't seen any analysis. Nor am I clear what the sponsors intend to achieve.

The bill would impose a tax on certain businesses that pay so little that their employees are entitled to various forms of public assistance.

Perhaps that's a good idea: Businesses should pay a living wage, and if they don't, taxpayers shouldn't have to make up the difference.

But I'm not sure whether that's the purpose of the bill, or one of the effects. Perhaps the real purpose is to raise wages – by imposing costs that employers decide to avoid by raising wages.

The Walmartization of the American economy is a terrible problem, and the state may be able to address some aspects of it. But not in this form. A simpler remedy – which is probably not a solution – is to raise the minimum wage to a level equal to the benefits provided by at least some elements of the social safety net.

I suggest the bill has other deficiencies.

- It would apply only to businesses that employ at least 100 Oregon workers directly or through subsidiaries or franchisees.
- It would be limited to retailers, food services, hoteliers and call centers.
- It has unknown administrative costs.
- The ability to enforce sanctions on employers who refuse to hire workers who receive benefits is questionable.
- And I'm concerned about the potential privacy violations of so much personal information traveling between the state and employers.

I hope the legislature will take these points into consideration. Thank you.