



SB 2164 Making changes to the Student Success Act

Testimony for Joint Committee on Tax Expenditures – John Calhoun – 6.11.2019

As a general rule we are concerned that some of the amendments being considered are carving out exemptions to the new tax. This heads the legislature down a road that will add to pressure for additional carveouts in the future that will eviscerate the needed revenue for schools.

The -14 amendment is the replacement for the -1 amendment

We are glad to see the “economic development” provision gone.

We applaud the revisions to the sub-contractor clause, limiting the scope of this exemption. We would suggest a further tightening of the provision to limit it to homes under \$750,000 in value. There is no need to provide a tax benefit for houses most Oregonians cannot afford.

The amendment exempts restaurant tips passed on to employees, but not those of hairdressers, housekeepers, or newspaper delivers. You should call out all tips that are received by employees, not just those of restaurant employees.

Amendment -4 – Political Contributions

To make room for additional expenditures under the committee’s reported budget, we favor extension of the political contributions credit at lower thresholds than under current law. The thresholds should be set at amounts that would encourage donations without rewarding taxpayers who would give regardless of the tax benefit. Despite the current \$100k/\$200k limits, much of the expenditure goes to taxpayers at the top of the threshold; cutting it to, for example, the median income of single and joint filers would have little effect on aggregate contributions, while freeing up revenue for other needs.

Earned Income Tax Credit

As the committee considers increases to either the EITC, IDA, short line rails, crop donations, etc., we strongly support the EITC. Research shows it is by far the more effective anti-poverty provision, and it is citizens, not businesses that most need the Legislature’s attention. We also favor eliminating the exclusion from EITC benefits for taxpayers who have an ITIN but lack an SSN.

Severability

[The referral of HB 3427 by Oregon Manufacturers and Commerce](#) eliminates the severability clause in HB 3427, which reads:

“SECTION 80. It is the intent of the Legislative Assembly that each part of this 2019 Act be considered as essentially and inseparably connected with and dependent upon every other part. The Legislative Assembly does not intend that any part of this 2019 Act be the law if any other part does not become law. “

Would it be possible to add it back in this bill so the referral can't eliminate it? Otherwise, a public vote could leave us with a tax rate cut and a pre-emption against counties imposing a new tax but no new CAT revenue.

Thank you for your efforts toward a rational and equitable tax code.

Comments on the agriculture amendments:

Amendment -6 would exempt milk and dairy

The industry is struggling, but so are book stores, J.C. Penneys, and Sears. However, if the intent of the -6 is to treat milk producers who sell directly rather than thru co-ops, this amendment makes sense.

Amendment -8 exempts all agriculture products

Since it includes “any products that have their situs of production on the farm” not only does it include cannabis, Christmas trees and nursery stock, but also handmade furniture, art, software, or any other home-based workers' production if they work on a farm.

Amendment -9 exempts all agricultural products

Like the -8, the -9 is expansive, just with a different choice of words

Amendment -13 farmer sales to cooperatives and dairy

Appears less expansive, but since we don't know whether farmers of grass seed, nursery stock, Christmas trees or other non-food items would ever pay this tax under the -13, even if they have sales of \$2 or \$10 million, we can't evaluate this provision.