

Testimony from Max Jones for the September 30, 2021 Meeting of the Joint Task Force on Universal Health Care

I am alarmed by the Task Force's proposal to create a sales tax as one of the sources of revenue for universal healthcare. Oregon voters have repeatedly rejected a sales tax, recognizing its inefficient and regressive nature. Including a sales tax would add a substantial and unnecessary barrier to public acceptance of universal health care, especially in the face of a disinformation campaign by industry.

Having three sources of revenue is a good strategy because it means that the cost of covering everyone is spread across the whole economy. However, the current proposal would place most of the burden on individuals – income tax, sales tax, and half of payroll tax – while businesses would pay only half of the payroll tax. This preferential treatment of businesses ignores the fact that businesses depend not only on healthy employees; they also depend on a healthy economy with robust consumer spending and a productive workforce.

Please consider replacing the proposed revenue from a sales tax with an increase in the Corporate Activity Tax. The current CAT rate of 0.57% is estimated to produce about \$1 billion per year, so an additional 3.37% would raise about \$5.91 billion per year. Today the revenue goes to a dedicated education fund; the additional revenue could go similarly to a dedicated health care fund.

Increasing the CAT rate would be consistent with the Task Force's "Principles guiding assessment of new revenue packages." In particular, a proposal for revenue based on increasing the income tax, payroll tax, and CAT would be relatively easy to explain to voters:

- Individuals pay half of the costs: income tax and half of the payroll tax.
- Businesses pay half of the costs: corporate activity tax and half of the payroll tax.
- Progressive taxes keep rates lower for lower-income people and small businesses.
- Sharing health care costs between individuals and businesses is fair.

Note that the concept of "sharing health care costs between individuals and businesses" will be familiar to those with employer-based private insurance.

I realize that revenue is only one of the many complex financial issues facing the Task Force, and I appreciate the Task Force's endurance in addressing them. The average voter (including me) will not understand all the complexities. We will focus on whether our own situation is improved in terms of costs and benefits.

The improvement in benefits will be evident, but the improvement in costs will be more complicated:

- We need to explain all the actual costs that voters currently pay for health care, since many are hidden or indirect.
- We need to show that the proposed revenue sources are fair.
- We need to give explicit comparisons of costs, say at the 20th, 40th, 60th, and 80th percentiles of AGI, to show that most people will pay less.

I believe a clear proposal for an efficient universal health care system, funded by a broad, equitable tax base, will win the support of Oregon voters.

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