

Date: March 30, 2021

To: Chair and Members of the House Committee on Revenue
From: Scott Bruun, OBI
RE: OBI Testimony in Opposition to HB 3328

Chair Nathanson and Members of the Revenue Committee:

Good afternoon. My name is Scott Bruun, and I am Director of Tax and Fiscal Policy for Oregon Business and Industry. OBI is a member-led business trade association. We have 1,600 members that employ more than 330,000 Oregonians. Thank you for the opportunity to testify today.

We oppose HB 3328. Now let me say that we certainly do support wildlife and habitat conservation, and we salute people who purchase hunting and fishing licenses and tags every year because they are the true financial pillars of wildlife and habitat conservation in our state.

But we oppose HB 3328 because it would create an additional income tax to support an individual fund within an individual agency. We believe this sets a very bad precedent for Oregon tax policy.

To start, there are some significant structural and fairness challenges with the bill:

First, there is not a withholding element, so it would have the effect of a hidden tax. People are going to be surprised when they do their taxes and realize they owe another \$100, \$200, or even \$500. It is bound to create anger and confusion, as well as additional compliance burdens.

Second, it gives a nod of sorts to folks who purchase hunting and fishing licenses by giving them a credit for those costs against their personal tax obligations. But the credit sunsets after 6 years. Maybe the credit will be reinstated at that point, maybe it will not - who knows what a future legislature will do? But what we do know is that we will have a permanent new income tax on the books.

Structural and fairness issues notwithstanding, we would note – as we have on other occasions – that many Oregonians are already seeing substantive tax increases. Oregon businesses, including those taxed through personal income taxes like s-corporations, will see a 41% increase in their overall tax burden between 2019 and 2022. Creating another new tax in light of the already-increasing tax burden, and in light of the economic challenges caused by COVID, is not, we believe, good policy for the state.

We would also note that state coffers, based on the March Revenue Forecast, are doing well and much better than anticipated. We know that the State Wildlife Fund is not

primarily funded by the General Fund. But we would respectfully request that if additional funding for the State Wildlife Fund is deemed a priority, then policy makers look to find and consider a General Fund solution.

For all these reasons Madame Chair and Revenue Committee, especially given the stand-alone new tax precedent it would set, OBI opposes HB 3328.

Thank you.

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