



## **SB 139 Tax Fairness Oregon supports passage with the -10 Amendment**

Testimony for the Senate Committee on Finance and Revenue – John Calhoun – 6.7.2021

Tax Fairness Oregon is a network of volunteers who support a rational and equitable tax code. We urge this committee to support SB 139 and the -10 amendment.

Let us be clear. Tax Fairness Oregon has always opposed a preferential tax treatment for business owners. We testified to that position earlier this year, as we have for several sessions in the past. Almost all of the benefits go to higher income individuals so it worsens an already unfair distribution of wealth and income. It is another version of trickle-down economics.

I spent 25 years as a business investor, managing partner, and CFO of multiple businesses and would have personally benefited if the current law was in place earlier. Based upon my experience I can say with confidence that the lower tax rates for business owners in our existing law provide no economic benefits to the state and are simply a transfer of wealth to the already privileged/wealthy. These tax preferences increase neither employment nor investment. Saving 1-2% of profits does not provide enough incentive to change any behavior other than applying for the lower rates. It is likely that in many partnerships only the CPA is even aware of the tax benefit.

In spite of these objections, we do support the bipartisan proposals before you today. They eliminate the most egregious aspects of this policy and the employment and investment criteria are intelligently crafted. The income distribution will be more balanced and progressive. A meaningful amount of revenue will be returned to the general fund over coming years. We commend Chair Burdick and Senator Boquist for this proposal.

We do want to point out that if this bill becomes law, tax accountants will do their best to work around the limitations in the Amendment. Wealthier companies may create multiple corporate entities to ensure that they fit within the limits. We would advise including a provision in this bill to require a study of how it is implemented and if businesses are successful at gaming the system. If so, future legislatures should address those actions.

***We read the bills and follow the money***