

February 11, 2021

Testimony in Support of HB 2839

Chair Nathanson, Vice-Chair Pham, Vice-Chair Reschke, and Members of the Committee,

My name is Daniel Hauser, tax policy analyst for the Oregon Center for Public Policy, and I respectfully submit this testimony in support of HB 2839.

This legislation would disconnect Oregon from some of the worst-designed provisions of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. While Oregon business owners will still receive these benefits on their federal taxes, Oregon should disconnect and stop the state from duplicating these wasteful, inequitable tax breaks.

Tax provisions in the CARES Act fail to focus the help on businesses in real need. There is no requirement that a business have any lost revenue or have been harmed by restrictions responding to the pandemic. An investment firm that has seen its profits rise during the pandemic, as many have, can still reap benefits from these tax breaks.

Looking at just one of the tax breaks, the business loss limitation, we see exactly who benefits from the policy. Oregon taxpayers who are making more than \$1 million each year will collect nine out of every 10 dollars from this subsidy. These taxpayers reside comfortably within Oregon's richest 1 percent of taxpayers.

These are not the families in greatest need of state support. Many Oregonians are struggling to stay stably housed, afford care for their children, or keep their business afloat. Oregon can use the \$84 million in revenue lost to these tax breaks in the 2019-2021 budget period to help the Oregonians in greatest need, rather than spending those dollars on a blanket tax break available to any business owners that qualify.

Lawmakers should also consider the racial equity implications of this tax policy. Due to racist and discriminatory policy choices past and present, white Oregonians are more likely to be high-income than Oregonians of color, and white Oregonians are also more likely to own a business. And while the pandemic has harmed all Oregonians, Oregonians of color have suffered disproportionately. At a time when state revenue is in short supply, the legislature can leave \$84 million in tax breaks that mostly help a small group of rich, disproportionately white Oregonians. Or, lawmakers can disconnect and use those resources to help the Oregonians in the greatest need — a group overrepresented by our communities of color.

HB 2839 frees up resources to make meaningful investments in recovering from the pandemic, while preventing additional tax breaks that benefit the richest Oregonians.

I urge you to support HB 2839.