



Date: May 31, 2023

To: Chair and Members of the Senate Finance and Revenue Committee

From: Scott Bruun, OBI

RE: Testimony in opposition to SJR 26 and SB 774 / Kicker Repeal

---

Chair Meek and Members of the Committee,

I am Scott Bruun, director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Respectfully, we are strongly opposed to SJR 26 and SB 774. We are opposed for two primary reasons:

First, we need to remember that Oregon's personal and business tax rates are among the highest in the nation. Arguably, with those high rates, we are punishing or at least disincentivizing the very things we say we want more of; namely: working, saving and investing. And really, the only broad mitigant to those high and burdensome taxes that Oregon workers and families have is the personal kicker. It's the only way for these workers and families to recover a bit of their hard-earned money after paying Oregon's high tax rates.

The kicker matters to families. The kicker allows families to make decisions for themselves. It allows them to prioritize for themselves based on their unique needs, and their unique circumstances, and their unique goals. And it reminds all of us that not everything that matters to individual Oregonians is going to be provided by the state. Nor should it be.

Second, but for the kicker, state government would likely have grown to a size and cost that is unsustainable. Is there any doubt, for example, that but-for the current kicker, state programs and services would grow \$5.5 billion more than they would otherwise?

What about if all past kickers had instead been put back into General Funds? How big would our state government be now? And then finally we need to ask ourselves, how in fact would we sustain that massive size and growth in state government going forward?

Every time there was a flattening in the business cycle, every time the economy stalled, there would be calls for new taxes and tax increases. Today, even with the kicker, we see ample anecdotal evidence, and a growing body of statistically measurable evidence, that taxpayers are leaving the state for tax reasons. Simply put, too many of the people who pay the bills are leaving the state. The need to sustain much bigger budgets through much higher taxes, which is the inevitable outcome of any kicker repeal, would only accelerate that problem.

For these reasons we strongly encourage you to oppose SJR 26 and SB 774. Thank you for the opportunity to testify.

[scottbruun@oregonbusinessindustry.com](mailto:scottbruun@oregonbusinessindustry.com)