



June 6, 2023

Testimony in Support with Amendment of SB 140

Chair Meek, Vice-Chair Boquist, and Members of the Committee,

My name is Daniel Hauser (he/him), Deputy Director for the Oregon Center for Public Policy and I respectfully submit this testimony in support with amendments of SB 140 on behalf of the Center.

The Oregon Center for Public Policy is a nonpartisan think tank dedicated to improving the economic outcomes for all Oregonians, particularly low-income families and Oregonians of color, through research and analysis.

The -3 package of reforms to Oregon's Corporate Activity Tax (CAT) is a reasonable means of reducing impacts on smaller businesses and medical providers while mitigating the loss of revenue to Oregon's K-12 and early education systems. However, more should be done to not just prevent significant revenue loss, but provide additional revenue for these important programs.

The -3 amendment would reduce the resources available to be invested in Oregon's education system by 3 to 4 million each year. This is a mistake, our schools and early education spaces are already underfunded and in need of additional investment. These revenue losses could be invested in expanding access to childcare for low-income working families, increasing pay for preschool teachers, expanding access to K-12 literacy programs, and so much more. Instead, they would flow out as business tax breaks to folks with more than a million dollars in annual receipts.

Increasing the exemption before the CAT is assessed is a reasonable way to reduce the tax payments from smaller businesses. However, it will also reduce the payments from larger businesses. We can reduce the taxes paid by small businesses while also increasing revenues to invest in our education system by further increasing the CAT rate on receipts over \$10 million above the 0.615% rate.



Leaving the package in a place where millions of dollars are pulled out of needed investments in education and early education each year is not the right approach. With the addition of an even higher rate on those receipts, the Center could be supportive of the compromise package in the dash 3 amendments.

Our mission is to achieve economic justice for all Oregonians through research, analysis, and advocacy.

6420 S Macadam, Suite 200 ■ Portland, OR 97239-0127 ■ 971-279-4732 ■ OCP.org

