



HB 2433: Exemptions from the CAT need to be revenue neutral

Senate Committee on Finance and Revenue – John Calhoun – 2.9.2023

My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

HB 2433 would increase the exemption from the Corporate Activities Tax from the first \$1 million of revenues to \$5 million. As the proponents of this bill explain, this would sharply reduce the number of businesses subject to this tax. However, any reduction in CAT revenue means less money for schools. Parents fought for 30 years to get this funding to improve education in Oregon.

Tax Fairness Oregon urges legislators as a matter of principle to offset any reductions in the CAT with additional CAT payments elsewhere so that school revenue can be maintained. This can be accomplished either by increasing the 0.57% tax rate or reducing the 35% subtraction for certain business expenses. Since opponents of the CAT rarely mention the 35% subtraction, maybe no one will notice if that number is reduced.

If this committee feels it is beneficial to increase the exempted revenue level in any amount, we urge this committee to ensure that any action is revenue neutral.

We read the bills and follow the money