



SB 127: Don't reduce Corporate Activity Tax revenue

Senate Finance and Revenue – Jody Wiser – 2.15.2023

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

I first came to this building more than two decades ago. I came because I was a teacher for Portland Public School and I saw the then highly-regarded urban school system being decimated by a reduction in funding, reductions caused by measures 5 and 50. The next cut would be either our music teacher or our PE teacher, there was no one else left to cut. I quit teaching and began frequenting these halls. Nearly twenty years later, the CAT was put in place, the first and only increase in taxes that has been added to address the lost funding for our K-12 educational system.

A number of bills dealing with the CAT are before the legislature this year. Some bills ask you to exempt certain products and services from the tax. This bill asks that you change the exemption level from \$1 to \$5 million, and thereby exempt a large number of businesses from the tax. It has no "pay for."

Our testimony has and will be consistent: if you make exemptions to this tax, you must restore the revenue. Either raise the rate above the current .57% or reduce the 35% exemption for the cost of products or payroll. Since opponents of the CAT rarely mention the 35% subtraction, maybe there will be less chatted if that number is reduced. The current reality is that most businesses are paying around .43% on each dollar of sales above \$1,000,000.

That's less than ½ cent per dollar of sales.

It is true that the increase CAT income is robust. So are the needs of our schools. The CAT was designed so that income would grow with both population growth and inflation, just as do the costs of educating our children. The revenue today is within \$100 million of inflation growth alone. Add population growth and there is no extra money available without a "pay for."

Unless you amend the bill to pay for it by increasing the tax on the remaining taxpayers, we urge a no vote on SB 127.

We read the bills and follow the money