



April 21, 2023

Senator Mark Meek,
Chair, Senate Committee on Finance and Revenue

RE: Support of Senate Bill 1018

To Senator Meek and the Senate Committee on Finance and Revenue,

Please accept this testimony on behalf of United Food and Commercial Workers Local 555 in support of Senate Bill 1018. UFCW 555 represents tens of thousands of workers across Oregon in retail, food processing, manufacturing, healthcare, and other sectors.

Most of our members make less than six-figure incomes, though a casual observer might not know that given the state tax bracket in which those members find themselves. Oregon's steep reliance on the income tax as a source of revenue, coupled with a systematically declining share of business taxes, has led to inequitable pressure on the 8.75% tax bracket, applying it to households earning anywhere between \$50,000 and \$250,000. This is an inherently regressive method of raising revenue, given that a family qualifying for TriMet's reduced fare program is in the same bracket as a couple earning (or otherwise making) a quarter of a million dollars each year.

The disparity between working families and corporate mega-entities is even more staggering. Although the effective tax rates of our largest corporate "citizens" remain shrouded in secrecy. The Willamette Week, however, posited in a 2021 article¹ that Nike likely paid about "3% effective state income tax rate across all the states" in 2020 and other estimates specifically for their Oregon rate alone were de minimis amounts.

In fact, from the early 1970s to today, the amount of corporate taxes as a share of total income taxes raised in Oregon has dropped from 18.5% to about 7%.² To help make up the lost revenue in that same period, divestment from the State's share of total Oregon University System costs has dropped from about two-thirds of the total cost to far less than half (even as total costs continue to track inflation)³, meaning that working families have been expected to pick up that slack through higher fees and student loans.

¹ "Nike's Tax Bill in Oregon Is a Secret." Willamette Week, April 14 2021.

² "Corporate Tax Transparency Is Right for Oregon" Oregon Center for Public Policy, January 2021.

³ Combination of data from Oregon University System, OMB, and Bureau of Economic Analysis.

Suffice to say: working families in Oregon have been asked again and again to shoulder an ever increasing share of Oregon's revenue burden, whether through rates or additional costs. This practice must end, and Senate Bill 1018 offers immediate relief to thousands of families in the form of a flat 4% rate. This step could put thousands of dollars into the pockets of a struggling family each year — money that might mean the difference for dreams of higher education, a stable food budget, or even the ability to finance a home and begin building wealth.

Tax cuts always come with the question of how they will be paid for: whether through cuts to services or raising rates elsewhere. In this case, we should be cognizant that the beneficiaries of SB 1018 are likely to enrich the state's coffers both directly (such as a lower demand for public assistance) and indirectly through less passive use of public services. Even so, we would further urge the Committee to examine other methods of ameliorating any remaining revenue gap, such as (but not limited to) appropriate adjustments to the capital gains rate, corporate tax rates, and the higher personal income tax brackets.

With the legislature rightly examining ever-inventive ways of addressing the effects of increasing wealth stratification on working families — such as the housing affordability crisis — SB 1018 represents a simple method that is worth trying: Let working families keep more of their earnings.

I have yet to meet a UFCW member who is opposed to paying their own fair share in taxes — but I don't think anyone wants to pay their own fair share and then someone else's as well. Senate Bill 1018 is a good first step at righting the wrongs in our tax structure and merits support.

Thank you,

A handwritten signature in blue ink, appearing to read "Mif Selvaggio". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Selvaggio
United Food and Commercial Workers Local 555