



Date: May 30, 2023

To: Co-Chairs and Members of the Joint Committee on Tax Expenditures

From: Scott Bruun, OBI

RE: Testimony in support of HB 3235A / Child Tax Credit

Good morning, Co-Chairs Nathanson and 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.

Thank you for the opportunity to testify in support of HB 3235A.

There is no question that it is hard for young Oregon families just like it's hard for young families across the country. This may be the understatement of the year, but inadequate economic opportunities - namely, lack of job and career opportunities - is a major stressor on young families. These same economic stressors, researchers say, can also lead to delaying or foregoing having children altogether.

In the U.S. right now, the fertility rate is 1.66 children per woman. The replacement rate is 2.1 children; meaning that but-for immigration, the U.S. population would be shrinking. A complex issue of course but researchers suggest that it is economic and related social obstacles that are the primary drivers of America's baby dearth.

While this is certainly a national phenomenon, Oregon has unique challenges which may exasperate the problem. Income tax rates in our state are regressive and among the highest in the nation. Higher rates hit lower and middle-income workers earlier than they should. A problem made much worse by inflation and bracket creep.

In addition, Oregon's overall tax and regulatory environment very likely suppresses or even chases away family wage career opportunities. This is why, parenthetically, things like SB 4, enterprise zones, the SIP, and a future R&D tax credit are so very important.

Lastly, I would just add that Oregon's land use and construction permitting system and costs makes housing more difficult for everyone, but especially so for younger Oregon families or would-be families.

HB 3235A, a new refundable child tax credit, fixes none of these policy problems even though all of them are fixable. HB 3235A is a band aid to help cover Oregon's policy problems. The business community remains ever hopeful that policy leaders will tackle the bigger issues at some point. But in the meantime, HB 3235A can provide critical support for young working families who can't afford to wait. We encourage your support.

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Thank you. scottbruun@oregonbusinessindustry.com