



## **SB 125: Exempt healthcare services from CAT but make it revenue neutral**

Senate Committee on Finance and Revenue – John Calhoun – 2.24.2025

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

SB 125 would exempt some healthcare services from the Corporate Activities Tax. The sponsors of these bills are acting in good conscience out of concern with the high cost of healthcare and the margin squeeze on some providers. We support this exemption.

Regardless, any reduction in CAT revenue means less money for schools at a time when the legislature is desperately searching for ways to increase school funding. I will repeat my concern that this legislature needs to be planning on how to remain solvent when we expect massive federal funding cuts and when we have no choice, but to find funds for dealing with forest fires. Moving this bill forward without an amendment to make it revenue neutral is likely to mean it will die in Ways and Means. If you are serious about doing something for these healthcare providers you will make this bill revenue neutral.

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 reducing the 35% subtraction for certain business expenses or alternatively increasing the 0.57% tax rate. We recommend the former.

We urge this committee to amend SB 125 so that it is revenue neutral.

***We read the bills and follow the money***