

Submitter: John Duggan

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure, Appointment or Topic: SB1507

Co-Chairs and members of the committee,

Oregon families are paying more to put food on the table, heat their home, see a care provider when they're sick, and more. To make matters worse, new tax breaks passed by D.C. politicians just months ago are enriching billionaires at the expense of everyday people.

Balancing Oregon's budget solely on the backs of working families by cutting critical services is simply wrong. Working families here in Oregon are counting on you to make a different choice.

As our voice in Salem, we are counting on you to close tax loopholes and reject some of the most egregious and costly tax breaks for corporations and the wealthy:

1. Bonus Depreciation: A flawed tax break for wealthy corporations which threatens to rob \$641 million from schools, public safety, and critical services over the next three biennia.

2. FDDEI: Foreign-Derived Deduction Eligible Income (FDDEI), formerly known as FDII: a tax break that rewards corporations for generating income overseas but creates a \$135 million budget gap each biennium.

3. GILTI: The Net CFC Tested Income, formerly the Global Intangible Low-Taxed Income (GILTI), allows corporations to exclude up to 80% of their profits related to overseas activities. We can avoid \$245 million in cuts each biennium simply by shrinking this tax loophole.

4. QSBS: The Qualified Small Business Stock (QSBS) exclusion allows venture capital firms to avoid paying taxes on all or part of their profits from selling certain stocks. 94% of the tax benefits from QSBS go to households with over \$1 million in annual income.

5. "Opportunity" Zone Tax Breaks: This tax break lets investors reduce taxes on capital gains by using those gains to buy property and other assets located in specific designated areas, including places thousands of miles away from Oregon.

Billionaires and wealthy corporations spent millions lobbying D.C. politicians to pass many of these tax breaks... and more. Those politicians made the wrong choice.

The decision before you and your colleagues this session should be clear: Prioritize protecting Oregon families, not further enriching the ultra-wealthy.

I would like Oregon's tax code to be complimentary to the federal tax code. That means being clear about our values and intentions around taxation as a whole, and shaping Oregon's code to result in taxes being globally fair. In this case, the tax code should support the value of progressive taxation as a whole, and tax those who benefit the most by having the most income and the most wealth in our society.

Thank you.