

Submitter: Sheila Hannen

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure, Appointment or Topic: SB1507

My name is Sheila Hannen, and I am a resident of Newberg in Yamhill County, Oregon. As a concerned citizen, I am submitting this written testimony in strong opposition to any legislation that would introduce a statewide sales tax in Oregon. Oregon has proudly maintained a 0% general sales tax for decades, relying instead on our progressive income tax system (with rates from 4.75% to 9.9%) to fund essential services. Introducing a sales tax—whether broad or targeted expansions like recent proposals on lodging (e.g., HB 2977 increasing transient taxes)—would undermine our state's economic strengths and disproportionately harm everyday Oregonians. A sales tax is regressive by nature, hitting low- and middle-income families hardest. In Oregon, where we already face high costs for housing, groceries, and utilities, families spend a larger portion of their income on necessities. Data from the Institute on Taxation and Economic Policy shows that sales taxes can consume 7-10% or more of lower-income households' earnings, compared to just 1-2% for the wealthiest. This would exacerbate inequality in a state that prides itself on progressive taxation, without addressing root issues like federal tax changes causing our current \$888 million budget shortfall (as noted in recent revenue forecasts). Oregon's no-sales-tax policy is a key economic driver: 1. It attracts cross-border shoppers from Washington (with sales taxes up to 10%+) and California, boosting retail in border communities like Ashland, Ontario, and Portland. 2. It supports tourism, a \$13 billion industry employing over 120,000 Oregonians—visitors spend freely without added taxes on meals, souvenirs, or gear. 3. Small businesses thrive without the administrative burden of collecting and remitting sales tax, keeping compliance costs low and prices competitive.

As an Oregonian, I've seen how this system works: our income taxes fund schools, healthcare, and infrastructure fairly, based on ability to pay. Instead of a regressive sales tax, the legislature should focus on alternatives like enhancing efficiency in spending, such as targeted cuts or reforms to address the budget gap from H.R. 1, or reforming the PERS pension benefit that has high promised benefits, investment assumptions, past court rulings that protect the benefits and unfunded liabilities.

I urge the committee to reject any sales tax proposals and maintain Oregon's competitive edge. Thank you for considering my perspective and for your dedication to our state.

Sincerely,
Sheila Hannen

