

SB 1507 Amended Tax Credits and Disconnect-Conflicted**Chair Broadman, Vice Chair McLane and Members of the Committee**

Since 2001 OWRC has been present and engaged in both the Senate Finance and Revenue Committee and the House Revenue Committee. That means that we have history with Federal Tax Cuts and their effect on Oregon.

During the early 2000's when faced with the George W Bush tax cuts the House Revenue Committee was chaired by then Rep. Lane Shetterly (R-Dallas). He utilized a cartoon featuring a U S Submarine and a small dingy labeled Oregon attached to the submarine. He went on to explain that while the federal government can deficit spend and dive deep to survive (i.e. deficit spend), if Oregon remained attached to the tax cuts, Oregon would drown.

At that same time, in 2001, \$20,000,000 was cut from the Oregon state TANF funding.

A Brookings Institution article at the time reflected on the results of the tax cuts on our country. It seems that we are in a similar position now.

The president's reckless approach to tax cuts is a huge fiscal gamble. It benefits the wealthy, but would impose new and increasing burdens on low-income households and future generations, and it is unlikely to succeed in restoring broad-based economic growth and financial discipline. The sooner fiscal sanity is restored, the better.

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The good parts of SB 1507 amended:

EITC expansion. EITC recipients spend the money locally in our communities and are our hard-working families.

The disconnect from bonus depreciation. With all the available accounting software do not buy into the "oh it would make it so hard to figure out two depreciation tables". It is also notable that much farm equipment is not subject to property taxes. (see additional submission) so having to spread their depreciation over years should not be an undue burden.

The benefit of the gain for exchange or sale of small business stock is overwhelmingly enjoyed by high income individuals. We are pleased this is recognized.

And what we do not like about SB 1507 amended:

With the incredible needs of hardworking families who need the help of the Employment Related Day Care at risk with an additional 16,000 on waiting lists and others not on the wait lists, we are very, very concerned that the FDDEI and GILTI tax haven provisions are not disconnected or payment is not increased to the percentage the federal government requires. How will you answer your hard-working constituents when they ask you why they can no longer get help with childcare? Should they find they cannot work because of childcare, what is your answer? Do you think that major corporations should avoid taxes by using tax havens that very few small businesses and corporations can use? ***Please add this provision to the disconnect legislation.***

Lastly, we find it inconceivable that the jobs credit provision has no guard rails for the quality of the jobs created for the \$1000 credit per job. At the very minimum the mean wage in the job classification should be the

starting standard which is used to qualify the jobs. Do you really want to pay job producers \$1000 who create jobs and then find the new employees qualify for benefits such as SNAP or Oregon Health Plan?

We ask that you seriously consider our and many others request for a more robust disconnect. Oregon will not thrive or prosper if our children are hungry, have huge classrooms and stressed living arrangements. Our children are our future, and they should be valued above millionaires and huge corporations. In Rep. Lane Shetterly's words, Oregon will drown unless a more robust disconnect is passed.

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1. <https://www.brookings.edu/articles/bushs-tax-cut-plan-slashes-growth/>

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