

Submitter: Dan Jaffee

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure, Appointment or Topic: SB1507

Dear Members of the Finance and Revenue Committee:

I am writing in partial support of SB 1507, which would partially disconnect Oregon's tax code from a few specific federal portions of the federal tax code, and would restore roughly \$300 million in revenue that would otherwise be lost to the indefensible tax breaks for the wealthy in the federal H.R. 1.

While the overall direction of this bill is positive, it is much too timid and does not go nearly far enough. Very few U.S. states automatically connect to the federal tax code, and with Oregon facing a dire budget shortfall, there is no rational justification for maintaining automatic connection at all--unless it is due to pressure from Oregon's wealthiest donors. By only recouping \$300 million of the possible \$900+ million lost to H.R. 1, legislators are failing to meet the true urgency of this moment.

I urge you to amend SB 1507 to to fully disconnect from the federal tax code. However, if full disconnection is impossible this session, then I urge you to amend SB 1507 to ALSO disconnect Oregon from the following federal tax breaks benefiting the rich:

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

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

--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. Oregon could avoid \$245 million in cuts each biennium simply by shrinking this tax loophole.

--"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.

There is no good reason to refuse to disconnect from all elements of the federal tax code that primarily benefit the very wealthy, whose incomes are already soaring due

to the massive tax cut from H.R. 1, on top of another huge tax cut in 2017.

I urge you to put the needs of working-class and middle-class Oregonians, children and youth, our environment, and our public infrastructure first. Please expand SB 1507 to recoup the full \$900+ million loss to the general fund caused by H.R. 1, and pass it.

Thank you for your attention and consideration.

Sincerely,
Dan Jaffee