



HB 2386 Rural Teachers need salaries not tax credits

Testimony for House Revenue Committee – John Calhoun – 2.28.2019

HB 2386 proposes to provide tax credits for teachers in rural Oregon. Providing prospective teachers with adequate financial compensation to teach in rural Oregon to ensure there are adequate qualified candidates is a credible goal. Providing the financial incentives through our tax system is not.

This is a classic case where competitive wages are the appropriate mechanism to ensure recruitment of staff. If we start down the road where the solution to recruitment for hard to find professionals is to provide tax credits or other tax benefits, we will soon have a tax system in Oregon so full of deductions that we won't be able to defend it to those hard-working people who have to pay full freight and don't get these state sponsored tax breaks. We already have rural doctors getting tax relief, but if we then add teachers, then school superintendents, then IT specialists. The list will become unending. The Senate Health Committee just referred a bill providing tax credits for nurses teaching in rural nursing schools to the Tax Expenditure Committee.

We are trying to raise \$2 billion for education. The legislature needs to determine where it should allocate funds and listen to the needs of the advocates making the request in HB2386. Our legislative system is designed to weigh competing demands on resources through our budgeting process. We should not go around that process through the back door of tax breaks.

If there is a need for more funding for rural schools it should be dealt with in the school funding formulas, not our tax system. I can think of no more bitter conflict than if we favor one group of schools outside the school funding formula. The need for additional funds for schools is a statewide issue. How do we balance these real and deserving needs? Through the normal budget process.

We are all seeing a long list of requests for tax breaks. Some are socially justifiable, some are not. Eventually they too will all have to fit into the overall budget. One of the requests is to renew and increase the EITC to help support low income Oregonians put food on their table and a roof over their heads. Granting any tax credit may mean cutting what can be done to increase the EITC. Can that be justified?

We read the bills and follow the money