

IN MY OPINION

How Oregon legislators abuse state's tax code

Bennett Minton

Minton is a former federal tax legislative analyst who occasionally testifies before the Legislative Assembly on behalf of Tax Fairness Oregon.

Eighteen dollars off your income tax bill if you adopt a dog or cat.

A tax credit of 10 percent off the "retail value" of a used shipping container if the owner donates it to a government facility to store earthquake-response supplies.

For a school teacher who works in a rural area, \$3,000 to \$5,000 off your taxes, depending on how far you live from the school.

These — Senate Bill 268, Senate Bill 430 and House Bill 2386 — are three among scores of bills that have had hearings in the Legislative Assembly. Possibly worthy goals, they have one thing in common: They would use the tax code to accomplish their purpose.

It's hard not to smirk that \$18 (an estimate of the benefit under the bill) would prompt a person to adopt a pet. But proposing to turn the tax code into Swiss cheese is no joke. It is a way for legislators to address a need without going through the regular budget.

What if, instead, the Legislature appropriated funds to the Humane Society to support pet adoption? Or it instructed the appropriate agency to buy and install used shipping crates at government facilities? Or it raised teacher salaries?

Do legislators see the tax code as the path of least resistance? Or are they cognizant that tax credits are typically reviewed only every six years, rather than every two, like regular spending programs? Do tax credits have adequate oversight? Or is the tax code a pretense for addressing a priority?

Take the case of employees who are paid so little that they are entitled to various welfare payments. (According to news reports, their employers include the U.S. military.) Under a bill circulating in Salem, certain employers would be charged an "assessment" intended to compensate the state for the public assistance the employees receive.

Perhaps that's a good idea: Businesses should pay a living wage, and if they don't, taxpayers shouldn't have to make up the difference. But this not-ready-for-prime-time bill would have consequences.

HB 3262 would apply only to businesses that employ at least 100 Oregon workers directly or through subsidiaries or franchisees. It would be limited to retailers, food services, hoteliers and call centers.

Administrative costs would include establishing a separate fund to receive and disburse receipts across the various state welfare programs the bill specifies. How to ascertain whether employees (or their children) receive benefits? To be determined. The bill would sanction employers who refuse to hire such workers, but it's not clear how that would be enforced. Any privacy concerns about the exchange of so much **personal information across businesses and agencies?** Not addressed.

Wouldn't it be more efficient to raise the minimum wage an amount equivalent to the purpose?

Why do legislators resort to the tax code when direct spending is more rational? Because in watching their own process, they see no money that way. The tax code is a less visible avenue.

The purpose of the tax code is to fund the services citizens demand. The goal is to do so equitably, efficiently and rationally. Though well intentioned, these proposals — to name four — meet none of those tests.

