

April 18, 2019

Joint Committee on Student Success
Oregon State Legislature
900 Court St. NE
Salem, OR 97301
RE: Testimony for today's 5 p.m. hearing on HB 3427

Honorable Co-Chairs Roblan and Smith Warner and members of the committee,

The Portland Business Alliance (PBA/the Alliance) is greater Portland's Chamber of Commerce and represents the largest, most diverse network of businesses in the region. The Alliance advocates for business at all levels of government to support commerce, community health and the region's overall prosperity. We represent more than 1900 members, most of which are small businesses.

The Alliance supports new revenue for education investments across the entire spectrum including access to early learning, higher education and career technical education. We have engaged in significant dialogue with our members and leadership and about their policy priorities in this discussion, which are outlined below:

1. The proposed mechanism is a gross receipts tax (GRT), which we oppose because of its pyramiding characteristics. The tax rate in the bill may appear low, but this is a false impression, because many products get taxed multiple times before they reach the end consumer. It is especially impactful to many of our small and medium-sized members who operate high volume, low margin businesses. Further, Portland-based retailers will be subject to a total GRT that creates a particular challenge for our employers in light of a state GRT. There is broad agreement among our members that a Business Activities Tax (BAT), like that proposed by numerous statewide business organizations, would be an acceptable tax mechanism.
2. We have not heard any broad concern with the approximately \$2 billion in new revenue for education as proposed. We could potentially endorse this number if it paired with the right tax mechanism.
3. The Alliance agrees that this tax package must include cost controls, specifically PERS reform, to ensure that the new revenue makes it into the classroom and funds successful programs that work. We are encouraged by the proposals and attention to the matter, and we would like to be a part of the conversation to deliver meaningful reform. Without cost control reforms, the proposed new revenue will be consumed by the growing cost of PERS. Not only will this defeat the purpose of this revenue package, but it would further erode the confidence of Oregon taxpayers.

We appreciate the work that has gone into developing this proposal and we are committed to continuing to work with you to reach agreement on a package that will truly make a difference for Oregon's entire education system.

Sincerely,



Andrew Hoan
President and CEO