

MARK HASS
STATE SENATOR
DISTRICT 14



COMMITTEES:
Finance and Revenue, Chair
Education
Business and General Government
Conduct
Joint Student Success
Joint Tax Credits

OREGON STATE SENATE

May 13, 2019

Rep. Nancy Nathanson
Oregon House Revenue Committee

Dear Chair Nathanson,

This legislation will disconnect from a federal tax provision Oregon is connected to now. And it will add back a provision to Oregon law that Congress recently scrapped.

A lot of people are surprised to learn our government allows gamblers – professional and amateur – to deduct losses from their gambling activity. These losses include travel expenses incurred while traveling to casinos — and actual gambling losses. While the deduction cannot be greater than winnings, it nonetheless is a subsidy.

And it costs the Oregon treasury \$11 million a biennium.

This is twice the cost of our first-time homebuyer program. It's twice the cost of the political contribution tax credit. It's about the same as what we spend to help rural medical providers – and we recently decided that was more than we could afford.

And the interesting thing is, nobody in Oregon decided that subsidizing gambling was a good idea. This policy was decided by Congress. But, because of our automatic connection to federal tax law, this gambling deduction is allowed when filing Oregon taxes.

Inexplicably, when Congress voted to extend this tax break for gamblers in 2017 --- they also let expire a tax break to help college students. And, again, because of our connection to federal tax law, that tax break is no longer allowed in Oregon law.

So, what this bill does is simple. It disconnects Oregon from the gambler's subsidy. And it adds back the tuition deduction for students or their parents. This change is a much better reflection of our values as Oregonians. Most Oregonians want to help college students. And most Oregonians are OK with gambling, they just don't think taxpayers need to help them.

The tuition deduction will provide a modest savings of about \$82 a year for a student or parent earning less than \$80,000. To a working, part-time community college student this is a couple of textbooks or a week of groceries.

Gamblers? They still get their federal tax break but not \$11 million in assistance from the state of Oregon.

Congress passed hundreds of bills in 2017 and I don't want anybody to think they just did these two bills which are on polar opposites of our value system. But these two provisions did rise to the top when the Senate Interim Committee looked at the larger issue of automatically connecting to every tax policy made by congress.

Most of the time this connection works. But increasingly, federal tax policies are out of step with Oregon values. And a larger issue for a different day is whether to change our reconnect system with one were we don't have to literally pass a state law to disconnect from one provision.

There was no opposition presented to the committee on SB 212. This bill was amended to another bill because of a relating clause issue – but in its earlier iteration, SB 194, there was no opposition either. Nor were there any letters of opposition in front of the committee. Not a single one.

In the context of a \$23 billion budget, there's not a lot of money here. But there's a larger principle: Oregonians should decide their own tax policy and not be forced to live under decisions made by people outside our state, in Washington, DC.

Respectfully,

A handwritten signature in black ink that reads "Mark Hass". The signature is written in a cursive, flowing style.

Senator Mark Hass

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