

February 10, 2020

## **Testimony in Support of HJR 203**

Chair Nathanson, Vice-Chair Reschke, Vice-Chair Marsh, and Members of the Committee,

My name is Daniel Hauser, tax policy analyst for the Oregon Center for Public Policy, and I respectfully submit this testimony in support of House Joint Resolution 203.

Tax policy has significant implications for our economy, communities, and families. How we structure our tax code impacts who pays the tax – rich or poor, white, black, or brown – and how much funding is available to provide the services Oregonians depend on. Good tax policy ensures that those with the most income and wealth pay more – and that racial inequities in the distribution of wealth, public services, and income are addressed.

HJR 203's empowerment of the state legislature to create a fee on the transfer of real estate passes both of these tests. Ownership of property is generally more concentrated in the hands of people with higher incomes and greater wealth. HJR 203 meets the tests, in part, because it exempts property under \$500,000 from the fee. The median sales price of a single-family home in Oregon is about \$350,000, exempting most residential transactions from the fee.

While it may be logical to assume that higher-income households have more wealth than lower-income families, reviewing the data is especially telling. In 2016, the lowest-earning 20% of families averaged net worth of about \$7,000 while the typical family in the top 10% had net worth of more than \$1.6 million. Assessing a fee on the transfer of real estate, a key component of wealth, is likely to be a progressive policy change.

The distribution of wealth in the U.S. is extremely unequal between racial groups, driven by our long and racist history of layered tax, housing, and economic policies designed to build white wealth and exploit people of color. As a result, the median white household owns nearly ten times the wealth of the median Black household and more than eight times the wealth of the median Hispanic household. White households are twice as likely to have equity in a business and significantly more likely to own a primary residence than both groups. The data points to a fee on the transfer of real estate being less likely to land on households of color than on white households.

The means of raising revenue, a fee on the transfer of real estate priced over \$500,000, is likely to improve racial equity and better target Oregon's system of raising revenue on to higher-income households on its own. However, raising these resources to invest in affordable housing can provide an even more significant boost to address the needs of low-income Oregonians and communities of color.

Please support House Joint Resolution 203.