



TESTIMONY ON HB 4164 BEFORE THE HOUSE REVENUE COMMITTEE

February 17, 2020

Chair Nathanson and Members of the Committee:

Oregon Business & Industry (OBI) is the largest statewide business organization representing approximately 1,600 businesses that employ nearly 300,000 Oregonians. Our members cover virtually every industry in Oregon, and more than 80 percent of them are small businesses with fewer than 100 employees.

OBI is submitting this testimony in opposition to HB 4164, which provides the metropolitan service district (Metro) with the authority to impose an income tax at a rate of up to 2%. Here are just some of the new taxes that have been imposed on Oregonians and residents of the Portland Metro area in the last several months:

- A \$1 billion per year corporate activity tax,
- A 1% Portland gross receipts tax (clean energy surcharge),
- An additional payroll tax to fund a paid family leave program, and
- New health care taxes to fund the state's Medicaid program.

Given the cumulative impact of these new taxes, and others on the drawing board, including Metro's announced plans to ask voter approval for new transportation taxes in the fall, now is not the time to further increase the financial burden of living and working in Oregon by adding yet another income tax.

Just last week, economists from the Oregon Office of Economic Analysis testified that the state's revenue collections continue to outpace what they had projected in prior forecasts. As a result, they increased their projection of net available resources for the 2019-2021 biennium by \$174 million relative to the December 2019 forecast. This isn't a one-off event but instead part of a recent trend. Projected net available resources for the state are up \$649 million from the close of the 2019 legislative session forecast. We are not only taking in record amounts of revenue, but economists continue to raise their expectations of the amount of tax revenue we'll take in in the future.

HB 4164 requires a portion of the funds raised through a new income tax to be directed to programs or projects for "individuals who are homeless or at risk of experiencing homelessness." OBI absolutely agrees that we must come together to address the pervasive issue of homelessness, not just in Portland but in communities all over this state. There are other proposals pending before you right now. As you know, the committee held a public hearing on the Governor's HJR 203, which would likely lead to a transfer tax on real property to fund affordable housing. Additionally, the Speaker is advocating for \$60 million in new funding for "unsheltered Oregonians." With this proposed doubling of Metro's taxing authority added to the mix, that's three potential new funding streams for the same issue in just a five-week short session.

For these reasons, we urge the committee not to advance HB 4164 and to consider the cumulative impact of recent tax increases and the potential duplicative nature of this and other legislative proposals this session. Thank you for your consideration.

Sincerely,

Mike Stober
Director of Tax and Fiscal Policy
Oregon Business & Industry