



HB 2268: Financial Institutions should not get this special exemption from the CAT
Testimony for the House Revenue Committee – Eileen Kiely – March 9, 2021

Thank you for this opportunity to address you in opposition to HB 2268.

My name is Eileen Kiely, and I am here today as a volunteer for Tax Fairness Oregon. Since I am new to many of you, I think you should know that I have a strong business background. I formerly was a budget controller for Daimler Trucks North America.

On its surface, HB 2268 might appear to be a bill to support small business, but it is really just another tax giveaway to the financial industry. Exempting the lender from the Corporate Activity tax will not generate additional loans to small businesses.

As a controller, I advised my company on investments decisions, and one of the mainstays of our business was to never make an investment based on interest rates or taxes. The investment must pencil out based on its merits. There is no tax benefit that outweighs the benefits we get from the market by making good business decisions.

Our company had an independent tax department – so independent, that I did not even include taxes on the income statements I prepared. The tax group robustly pursued any tax benefits available -- after we made the decisions that were right for our business.

Any corporation's first point of control is revenue. Businesses treat discounts and concessions as spending, and they are closely scrutinized. As you well know, tax credits are government spending, and that spending deserves the same scrutiny. Is this tax credit benefit a good investment for Oregon's economic growth?

No. it is not.

Giving a financial institution a tax credit for doing its job is a waste of taxpayer money. The lender has a fiduciary responsibility to make a profit off that transaction, and they will not make an investment that doesn't pencil out on its own merits. This tax credit will increase their profits, but it will not get any responsible institution to make a loan that is not already profitable.

The Corporate Activity Tax is specifically written to support our woefully underfunded school systems. Taking revenue from our students to give to a for-profit business is what I would call a bad investment.

The students of Oregon should not be paying financial institutions to do what the free market already incentivizes them to do.

Tax Fairness Oregon heartily endorses this committee's desire to help small businesses get back on their feet, but this tax credit is not a financially efficient or effective way to do that. We ask the committee to keep the money in our schools – our best economic development tool – and to ask your colleagues to support Oregon's small businesses through programs that directly benefit the businesses, rather than increasing an intermediary's profits.

We read the bills and follow the money