



SB 842: Stimulus checks: Free income should be taxed like working income

Testimony for Senate Committee on Finance and Revenue – Bennett Minton – 4.5.2020

Madam Chair and members of the committee:

I'm Bennett Minton, on behalf of Tax Fairness Oregon, a network of volunteers who advocate for a rational and equitable tax code. We are accustomed to being a lonely voice. We oppose the bill.

The COVID recession has scrambled our priorities and our politics. I am bemused by this bill, which would treat free money distributed to Oregonians differently from income earned by the same or other Oregonians.

One of the bill's advocates submitted a statement purporting to represent "hard-working" Oregonians in supporting tax-free treatment for income received for doing nothing, while income for working would, of course, still be taxed. Oh, the irony.

We've kind of lost our heads in the past year, and that's understandable. That's why it's important for legislators to keep theirs. As guardians of the tax code, you've seen more than your usual share of bills that would turn our revenue system upside down.

At the same time, you are grappling with the effect of this economic calamity on state revenues and your ability to meet the extreme demands it has caused, plus other extraordinary events like last year's fires.

You may be used to our recitation of statute [316.003](#), a statement of the legislature that prescribes fairness and equity as the goals of the tax system. It provides a guide star for equitable revenue-raising, the first principle of which is: income is income and should be so taxed.

SB 842 is another one-off, and we taxpayers are unaware of the effect on the budget from these constant efforts to chip away at the tax base.

If we lived in most other states – including all of our neighbors – the sales tax would take a piece of our stimulus checks, and no one would think anything of it. North of the Columbia, Washington would take 9 or 10 percent on sales. Because our state relies almost solely on the income tax, folks get exercised about how it treats exceptional income.

We urge you to look at the tax system comprehensively. That's difficult because of constitutional, procedural and political constraints on raising adequate revenue to provide the services Oregonians demand. The kicker adds another complication.

That's why we think it's nuts to carve out another income subtraction. We already have 11 of them in section [316.680](#), and others have been proposed this session that you're still working through.

Under any equitable principle, we think it wise to set this bill aside.

We read the bills and follow the money