OREGON EDUCATION ASSOCIATION

Date: February 11, 2021
To: House Revenue Committee, Chair Nathanson and Members
From: Laurie Wimmer, OEA Government Relations
RE: *HB 2839 [Disconnect]*

On behalf of OEA's 41,000 members, it is my honor to testify in support of HB 2839, which would enable Oregon to recover revenue otherwise foregone due to federal tax law changes.

There is a saying that, when you're in a hole, stop digging. When it comes to tax policy in Oregon, this admonition is particularly apt. As with previous recessions, the OEA believes that a good approach in times of revenue shortfall is to make sure that tax policy doesn't make the state's ability to serve its citizens unnecessarily more difficult. This bill seems to hew to that common sense.

Another reason to support disconnecting to recent federal tax cuts is that Oregon should set its own tax policies, and not take dictation from Washington, DC. Federal tax law changes are rightly the purview of Congress, but state tax law changes ought not be. That's why, on a policy level, disconnecting makes sense, with the proviso that individual concepts may be evaluated for extension to Oregon if they are right for our state, but not adopted *en banc*.

The Legislative Revenue Office tells us that approximately 2500-3000 personal and corporate taxpayers would be affected by updating rolling reconnect and by disconnecting from recent federal provisions. That does not mean that these taxpayers are disallowed the preferential tax treatment on their federal tax returns; it means only that they won't get a second bite of the apple on their Oregon return. As Oregon struggles with multiple challenges – the pandemic, economic devastation, reduced revenues, greater needs of its people, wildfires, and the imperatives of a renewed focus on racial justice – legislators have much on their plates as they work to lead us out of crisis to a recovery and better future.

Now is not the time to unnecessarily produce higher "liquidity" as the corporate tax breaks have been characterized, advantaging our most affluent and profitable businesses while cutting services for our most vulnerable in this pandemic.

Recovering even small revenues – such as the $110 million estimated to be saved with this amendment in the coming 2021-23 biennium alone – has a direct impact not only on revenues, however, but also on overall fairness of our system. We must consider the revenue impacts of tax giveaways that seem to advantage the few at the expense of the many and how that translates to services. In the education sphere, $55 million annually would fund 608 teachers, mental health counselors, school nurses, or other education professionals for a full school year –districts struggling to prepare our schools for safe in-person reopening will need these critical revenues that, without your action, will be lost to those at the top.

Thank you for considering our thoughts on the bill.