



The League of Women Voters of Oregon is a 101-year-old grassroots nonpartisan political organization that encourages informed and active participation in government. We envision informed Oregonians participating in a fully accessible, responsive, and transparent government to achieve the common good. LWVOR Legislative Action is based on advocacy positions formed through studies and member consensus. The League never supports or opposes any candidate or political party.

February 16, 2021

To: Senate Committee on Finance and Revenue
Senator Ginny Burdick, Chair
Senator Brian Boquist, Vice-Chair
Members of the Senate Committee on Finance and Revenue

Email: <https://olis.oregonlegislature.gov/liz/2021R1/Committees/SFR/Overview>

Re: [SB 137](#) - Cares Act Tax Disconnect - **Support**

One of the League of Women Voters of Oregon’s priorities for the 2021 session is to “to generate adequate revenue for essential services while promoting equity and **progressivity in tax policy.**” **The League supports a tax system that is based on the ability to pay, but that applies a benefits-received principle** wherever reasonable and that recognizes the role of social expediency. Some of the tax measures in the CARES Act are at odds with both goals, and with Oregon Revised Statute 316.003: “The goals of the Legislative Assembly are to achieve for the people of this state a tax system that recognizes fairness and equity as its basic values.”

The 2020 CARES Act made changes to the federal income tax code that reduces taxes for certain wealthy individuals and businesses. If Oregon remains connected to these federal provisions, these three income tax provisions LRO now estimates would add up to approximately \$84 million in tax losses for Oregon in 2019-21 alone due to our “rolling connection” with the federal income tax laws. These tax provisions are two Net Operating Loss (NOL) changes, and a business interest deduction that only the wealthiest individuals with huge net operating losses of over \$250 million can use. At the federal level, according to [Congressional the Joint Committee on Taxation](#) analysis, 89% of these CARES Act tax breaks will go to taxpayers with incomes greater than \$500,000 and 95 percent of the benefit will go to taxpayers with incomes greater than \$200,000, who are usually not people of color who are disproportionately impacted by COVID. This tax break is neither progressive nor equitable.

We do not need to keep these deductions on our Oregon tax forms for these wealthy taxpayers. Since Oregon must balance its state budget and cannot run up deficits, providing these companies with the opportunity to amend past tax forms to get back cash for past losses and carryforward such sizeable losses to the future would have a negative impact on state revenues this year and later on, when we most need revenue this year for our truly hurting small businesses that have been directly impacted by COVID, not wealthy large and small businesses with big prior losses.

The LWVOR recommends decoupling (disconnecting) from the three tax provisions in this bill.
We support SB 137.

Thank you for the opportunity to discuss this legislation.

Rebecca Gladstone
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