



ROBERT A. WAGNER
SENATE MAJORITY LEADER

Chair Beyer, Vice-Chair Boquist, and Members of the Committee,

For the record, my name is Rob Wagner, State Senator for Senate District 19, encompassing Lake Oswego, Tualatin, West Linn, and SW Portland.

Thank you for the opportunity to testify this morning on this informational hearing on Senate Bill 1569 with the -1 amendments.

It has been a pleasure to have the chance to work with a coalition of community organizations, a bipartisan, bicameral group of legislators, and the Oregon Department of Revenue to author and advance this legislation.

Senate Bill 1569 with the -1 adds an optional form to Oregon's personal income taxes asking for people to select up to three racial and ethnic identifiers. The form will mirror the REAL-D (Race, Ethnicity, Language, and Disability) options developed by the Oregon Health Authority in collaboration with community-based organizations.

Data from this form will help us better understand how our tax structure and tax expenditures affect different racial and ethnic groups in Oregon. From a report entitled "Advancing Racial Equity With State Tax Policy from the Center on Budget and Policy Priorities"¹:

States and localities collect roughly one-third of the nation's taxes, and they account for nearly half of all domestic public-sector spending.... Given that level of economic power, states could be a potent force for expanding opportunity and enhancing equity. How states choose to raise revenue and how (and where) they choose to spend it has major implications for who moves ahead and who is left behind... State policymakers may be tempted to think of state and local tax policy as neutral with respect to race. Statutes do not mention race or ethnicity. And tax liabilities are determined using mathematical calculations based not on one's race but on the amount and type of one's income, consumption, property value, and the like. Yet historical racism and contemporary patterns of racial discrimination and bias can affect a taxpayer's income and consumption, and the value of property the taxpayer may own. Moreover, fiscal policies need not be explicitly race-based to worsen or extend long standing racial inequities. Policies can have those effects if they ignore the history of governmental and private actions that enforced racial segregation and held back people of color, as well as the continuing impact of racial bias and discrimination.

I would like to note the important protections are built into the legislation. Only the Research Section at the Oregon Department of Revenue, the Legislative Revenue Office, and the Oregon Office of Economic Analysis will have access to the data collected by this bill.

¹ Report: "Advancing Racial Equity With State Tax Policy" November 15, 2018, Michael Leachman et.al. <https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy>



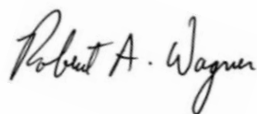
The legislation includes robust data security provisions and annual reviews of the program by the legislature for the first five years after passage of the bill. The data will be kept completely separate from tax auditors - from both the state and federal government - to eliminate any risk it could be used to assess stricter audits on people of color in the state. With this language it also prohibits any commercial use of the data.

The data from this voluntary reporting will provide a powerful tool in our finance and revenue toolkit, and positions Oregon to be a national leader in advance of potential changes at the IRS and the US Treasury Department on race and ethnicity analysis.

Taking action to undo the legacy of historical racism and ongoing damage from racial discrimination and bias begins with data and information so policymakers can make informed decisions.

I urge your support for SB 1569 with the -1 amendments.

Sincerely,

A handwritten signature in cursive script that reads "Robert A. Wagner".

Oregon Senate Majority Leader Rob Wagner
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