OREGON EDUCATION ASSOCIATION

Date: March 2, 2022

To: House Revenue Committee

Re: OEA opposition to the extension of Gain Share in SB 1524

The Oregon Education Association represents over 41,000 educators and education service professionals, from pre-K to community colleges, and in every community in our state; and we are opposed to the extension of gain share in SB 1524.

Over the course of the 2022 legislative session, we have testified multiple times to the proposed amendments that either extend gain share, remove the extension of gain share, and finally extend gain share for one extra year. The final being a compromise between the two sides that we can support.

The simple thing we ask for is that gain share be reevaluated in depth by the legislature in 2023. The last time it was debated was in 2015. The <u>only</u> remaining member of the revenue committees in either chamber from that time was Senator Boquist. In the House committee, only Representative Nathanson was in the legislature. If a blanket extension is made until 2030, this program will have gone almost 15 years without any legislative scrutiny.

The reason it needs scrutiny is simple: it is very complex.

Gain share, and the Strategic Investment Programs (or SIPs) it supports, are an incredibly complex system. One that affects school funding twice: first as lost property taxes which affect every school district in the state, then as lost income taxes that could support the State School Fund.

Critical to this understanding is how the state school formula equalizes for local property taxes, so that property tax poor districts are supported more, and property tax rich districts receive less from the SSF. For example, Hillsboro School District has lost – and continues to lose – hundreds of millions of dollars from the SIP with Intel. This doesn't just affect Hillsboro schools, but every other school district in the state as SSF dollars flow to property tax rich Hillsboro SD and away from property tax poor districts in other communities.

Proponents of gain share make the argument that schools are made whole as gain share funds are used to support local districts, but this is not true. For one, Hillsboro is not being made whole by hundreds of millions of dollars over the last two decades; and two, only local districts are gaining in gain share, not every other district in the state who was also affected by the SIP. All this is done in the name of economic development, but without a real understanding if SIPs and gain share actually do what they are purported to do.

At the end of the day, you have a local municipality making decisions with statewide implications, but without the input of affected communities. And this needs to be analyzed and understood by today's legislature. Here are some of the critical questions that need answering, and can only be answered by intensive legislative scrutiny:

- How much has school funding been impacted statewide over the duration of the Strategic Investment Programs?
- What reinvestments by a SIP recipient are directly tied to new job creation, wage growth, and increased property and income taxes?
- How much does gain share improve or support schools, and are school districts statewide made whole?
- How are other taxing districts – also cut out of SIP conversations – such as libraries, parks or fight districts affected?
- Does gain share as currently constructed still make sense for Oregon, or should new sideboards or requirements be placed on it? Should it be expanded?

These questions and more need to be discussed, and they need to be discussed by today's legislature. That is why we ask that gain share not be extended through 2030 in SB 1524, but at most 2025, so that this critical conversation can take place.

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