



SB 56 and SB 61: Exemptions from the CAT need to be revenue neutral

Senate Committee on Finance and Revenue – John Calhoun – 2.8.2023

My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

SB 56 and SB 61 would exempt healthcare services and prescription drugs from the Corporate Activities Tax. The sponsors of these bills are acting in good conscience out of concern with the high cost of healthcare and the margin squeeze on some providers. Regardless, any reduction in CAT revenue means less money for schools. In addition, if the legislature in its wisdom passes these two bills as drafted, there will be many additional bills in the future calling for relief for equally good causes. Soon the school funding that parents fought for 30 years to improve education in Oregon could be in shreds.

Tax Fairness Oregon urges legislators as a matter of principle to offset any reductions in the CAT with additional CAT payments elsewhere so that school revenue can be maintained. This can be accomplished either by increasing the 0.57% tax rate or reducing the 35% subtraction for certain business expenses. Since opponents of the CAT rarely mention the 35% subtraction, maybe no one will notice if that number is reduced.

We urge this committee to amend SB 56 and SB 61 so that they are revenue neutral if you want to move them forward.

We read the bills and follow the money