



Date: April 25, 2023

To: Chair and Members of Senate Finance and Revenue Committee

From: Scott Bruun, OBI

RE: Testimony in support of HB 2576 A

Mister Chair, Members of the Committee,

I am Scott Bruun, director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Thank you for the opportunity to testify in support of HB 2576 A.

Oregon Tax Court Jurisdiction on Local Tax Matters

As you heard, HB 2576 A would give the Oregon Tax Court jurisdiction over tax cases that may arise in relation to locally imposed income taxes. HB 2576 A is a practical bill, which we believe would streamline and improve legal decisions in tax matters related to the growing number of locally imposed income taxes. For example, the Metro Supportive Housing income tax, the Multnomah County Preschool for All income tax, and the Multnomah County business income tax.

Portland-area Taxes Among Nation's Highest

As a side note, I would just add that getting this right for people matters. It matters because, among other reasons, the Portland Metropolitan area has the nation's second highest combined state and local marginal income tax rates; only New York City is higher. But the difference is that in New York, the top rates kick in for people making \$25,000,000 a year or more. In Portland, the top rate kicks in for people making \$125,000 a year. If Portlanders must endure this mega-high tax environment, they should at least do so with full confidence that tax cases will be adjudicated appropriately.

Notably, Oregon is one of only six states with a dedicated tax tribunal within the Judicial Branch, and the Oregon Tax Court is recognized nationally for its deep expertise in Oregon tax matters as well as an understanding of U.S. Constitutional restraints on state and local taxation, more broadly. Considering the significance of the Oregon Tax Court as a resource on state and local issues, it only makes sense that it should be the sole arbiter, with the exception of the Supreme Court, of all Oregon state and local tax controversies.

Oregon Tax Court Expertise

County courts, of course, are courts of general jurisdictions. County court judges are not expected to be experts in any specific legal area—especially tax. But as this committee knows very well, tax codes, rules

and statutes are very complicated, and also a complicated area of law. Time and litigation involving local tax issues likely takes up time and resources that local judges could devote to other issues.

Lastly, let me just say that providing exclusive jurisdiction to the Oregon Tax Court over local matters is not likely to have a significant resource impact on the Oregon Tax Court since the Court has expertise in tax, meaning it is efficient, and the number of cases involving local tax issues are not that great to begin with.

Bipartisan Support

I would note that this bill received strong bi-partisan support in the House. It passed out of the House Revenue Committee on a unanimous vote, and passed April 10th on the House floor with a 51-2 vote, with 7 excused.

OBI urges your support of this important measure.

Thank you.

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