



## House Committee on Revenue

May 31, 2023

### Testimony of Yasmin Ibarra, SEIU Local 49, Regarding HB 3551

Chair Nathanson, Vice-Chairs Reschke and Walters, members of the committee:

My name is Yasmin Ibarra. I am a Political Organizer with SEIU Local 49, a union that represents nearly 15,000 workers in Oregon and southwest Washington, including hundreds of workers at Portland International Airport, who assist passengers with wheelchairs, cleaning aircraft cabins and cleaning the airport terminal, and do other jobs that keep passengers healthy and safe, and make air travel possible.

Our members at the airport are largely people of color, women, and immigrants, and are united in a commitment to providing exceptional service and to keeping passengers and our communities safe during the pandemic. Although our members assist passengers who fly on major airlines like Alaska and Horizon, SEIU 49 members work for airline subcontractors. For decades, airlines have used competitive-bid contracts to reduce costs, a process that often reduces wages and benefits to the legal minimums.

Together, we have been working for years to raise standards for service quality and job quality. We believe that airlines use a subcontracting model that relies on bad jobs that undercut workplace standards to make exorbitant profits, all while asking the public to sacrifice tax revenue and bail out airlines when their poor planning leaves them vulnerable.

We recommend a “no” vote on the bill before the committee for two reasons: there has not yet been sufficient analysis of its potential impact on Oregon communities due to reduced revenue, and it is not in Oregonians’ interest to give a tax break to profitable corporations based on vague promises.

HB 3551 bill would mean a biennial revenue loss of approximately \$5.9 million, according to the Staff Measure Summary. Take note that that is an approximation, and that the Revenue Impact Statement says that “Further Analysis [is] Required.” The Revenue Impact Statement also says that the “property tax implications will be further analyzed by the committee on Revenue.”

We do not believe there has been sufficient analysis of this question to date. What impacts will this bill have on communities around the state? The tax system is complex, and the financial underpinning of critical services in our state. This committee should be clear on the impacts of any changes before proceeding, and not rush through this decision.

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Furthermore, this bill represents a giveaway to profitable corporations like Horizon Air and its parent company, Alaska Air Group. They talk about supporting regional air service, but there is no strategic partnership proposed here. The bill has no guarantees of maintaining or expanding services within Oregon.

Alaska Air Group is not a public service, but a profitable business. Following the challenges of COVID, the company broke its all-time record for revenue in 2022, bringing in \$9.6 billion. That's 10% more than in 2019, before the pandemic. Last year, Alaska's adjusted net income was more than half a billion dollars. They've made so much money they plan to start buying back shares, a move that benefits Alaska executives and major shareholders. And they paid their CEO \$6.5 million last year.

The COVID pandemic hit the airline industry after nearly a decade of record profits, yet in the depth of the pandemic and afterwards, airlines have shown themselves unprepared. Along with many other Airlines, Alaska Air Group used years of profits to buy-back shares and pay lavish executive compensation, rather than investing in communities and preparing for the unexpected. Alaska Air Group has a long history of imposing costs on others while reaping increased profits. Over the years, they have laid off portions of their workforce and outsourced certain essential services to reduce pay and benefits. For years, Alaska tried to stop SeaTac Proposition 1, a law approved by voters to raise job quality standards for all airlines at Alaska's main hub.

HB 3551 would shift the cost of taxes paid by Alaska Air Group and its customers to taxpayers generally. That is a bad idea that does not deserve your support. We believe Alaska Air Group should pay its fair share of taxes and not take away from our public schools, health care, and other essential services.

Thank you.