



To: Senate Committee on Finance and Revenue

From: Anthony Castaneda, SEIU 503

Date: March 5, 2025

RE: Opposition to SB 382 and SB707

Dear Chair Meek, Vice Chair McLane, and members of the committee,

My name is Anthony Castaneda, and I am writing on behalf of SEIU 503 to voice concern about the potential impacts of the slate of bills today to the state budget. While there are concerns, I do believe there is room for the committee to convene stakeholders to improve the CAT tax that would balance any exemptions.

Having read through the testimony by stakeholders, it appears that the underlying issue stems from the current state of our national healthcare system and the uncertainty at the federal level, with pharmaceuticals costs and the need for PBM reform. Despite our nation's high spending on healthcare, Americans on average pay between two and half and three times more for the same medication compared to our counterparts to the north and other countries.

The Corporate Activities Tax (CAT) funds a critical investment in education for our youngest learners and students in Oregon from cradle to career. With the gaps in education funding, any proposal to provide exemptions to the CAT needs to be carefully considered and balanced. Reductions in education funds means cuts to educational opportunities for children and youth in our K-12 system.

My concern is that reductions in revenue through the CAT will further strain the legislature's ability to pass a balanced budget while holding many essential services free from cuts. The state will need to pay for any CAT exemption by allocating dollars from the general fund. This will impact the legislature's ability to maximize federal funding matches that bring more resources to our state. For example, reductions in general fund resources

would mean less dollars for programs like Medicaid, SNAP/TANF, and Summer EBT that many children, families, and seniors rely on.

By the numbers:

- Medicaid serves 1.3 million Oregonians with \$1.37 federal match (FFY 2026) for every dollar the state invests. The match rate is falling from \$1.44 in the previous year.
- SNAP provides benefits to over 440,000 households.
- Summer EBT provides summer meals to over 340,000 kids with the state paying 50% of the cost.

The CAT tax was meant as a lifeline to our struggling school system. Any reductions in revenue would mean that the state would need to backfill the school fund bucket with another bucket of funding. For these reasons, I voice my concern about the potential impact of carving out additional tax cuts from the CAT.

Thank you for your time and consideration,

Anthony Castaneda