

SB 93-Eliminate the CAT tax on Interest on Some Bank Loans-neutral

Chair Meek, Vice-Chairs McLane and members of the committee.

Oregon Women's Rights Coalition has concerns about the proposed elimination of the CAT tax on interest on loans made for certain types of lending in Oregon by bankers.

We understand that loaning in a rural area is tricky. We understand the importance of rural banking needs.

However, we also understand that the CAT was implemented because funding of schools has become more and more important at the state level. Rural schools especially need support. They often are the recipients of dollars from the metro areas under the funding formulas.

Business taxes in the 1980's were 18% of the general fund. Now those taxes vary between 6 and 7 percent.

Thus, the CAT tax, with dedicated funds, was initiated. So, any chipping away at the CAT hurts all students in Oregon.

It is especially concerning that there are no sideboards on the level of lending for residential homes in rural areas. As an example, you can find the residence below listed on Zillow for \$4,795,000 in Terrebonne, OR



And the listing is not the only one in that area. There are 9 other properties listed at over \$1 million today. So, if you forward this bill for action, please put side boards on the residential loan limit excluding all properties over the RMV as used in the senior deferral program. It is county specific and changes from year to year but is easily located on the Department of Revenue website.¹

In addition, we are concerned about the “fishing boat” as it included in the bill. While we understand that the proponents are assuming the “coastal fishing boat” is a boat used in the commercial trade it is not defined as such. It could be utilized for any boat in coastal areas from which fishing is an activity. Under separate documents are fees for commercial fishing.

While we would prefer that there are not efforts to reduce the CAT tax, if you move this forward with this bill do adjustments so high end housing does not qualify and you specify that the boats are “commercial coastal fishing boats.”

Thank you for your time.

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1.www.oregon.gov/dor/deferral