



SB 125: Exempt healthcare services from CAT but make it revenue neutral

Senate Committee on Finance and Revenue – Jody Wiser – 5.28.2024

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

SB 125 would exempt some healthcare services 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. We support this exemption.

However, any reduction in CAT revenue means less money for schools at a time when the legislature is desperately searching for ways to increase school funding. And we are concerned that this legislature needs to be planning on how to remain solvent when we expect massive federal funding cuts that will leave people without food or health care and when we have no choice, but to find funds for dealing with forest fires. Moving this bill forward without an amendment to make it revenue neutral is likely to mean it will die in Ways and Means. But there is a solution.

Tax Fairness Oregon urges legislators to offset any reductions in the CAT with additional CAT payments elsewhere so that school revenue can be maintained. This can be accomplished by reducing the 35% subtraction for certain business expenses, increasing the 0.57% tax rate, or adding a higher rate only for the businesses selling the most products or services in Oregon.

We urge this committee to amend SB 125 so that it is revenue neutral if you want to move SB 125 forward.

We read the bills and follow the money