



May 28, 2025

Testimony on SB 125

Chair Meek, Vice-Chair McLane, and Members of the Committee,

My name is Daniel Hauser, Deputy Director for the Oregon Center for Public Policy, and I respectfully submit this testimony on Senate Bill 125 on behalf of the Center. The Oregon Center for Public Policy is a nonpartisan think tank that uses research and analysis to improve the economic outcomes for all Oregonians, especially for those struggling to make ends meet.

Oregon's Corporate Activities Tax (CAT) funds key investments in preschool and K-12 education in Oregon. As uncertainty about federal education funding looms large, the legislature should be looking at ways to increase funding for our schools, not cut it.

We understand that assessing the tax on receipts from families on the Oregon Health Plan presents challenges for certain health care providers. Unfortunately, removing the CAT from receipts going to the Oregon Health Plan or other publicly-funded insurance would likely result in cuts to services for families that rely on a well-funded public education system, from cradle to career. The alternative is to increase the CAT elsewhere to ensure the funding for education in Oregon is held harmless.

This committee should pursue the alternative approach: render the concept revenue neutral and ensure the people paying more are the most able to handle the cost: large corporations. For example, increasing the CAT rate on receipts of more than \$100 million per year to 0.62% could easily pay for omitting the receipts of publicly-funded insurance from the CAT, according to a Legislative Revenue Office analysis provided earlier this month.

While we sympathize with the challenges low Medicaid reimbursement rates, combined with the CAT, create for some providers we cannot ask Oregon's children to pay for it. SB 125, if amended to be revenue neutral by taxing large corporations, is something we could support.

