



June 9, 2025

## Testimony on SB 123

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 123 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.

One of the core purposes of creating a new business tax, rather than simply expanding corporate excise and income taxes, was to avoid the excessive level of tax expenditures cluttering the policy. By starting with a fresh slate, we weren't burdened by decades of Oregon tax breaks, let alone the tax breaks created by our federal connection.

In Oregon's long path of expanding corporate and individual income tax breaks, the policy to require 6-year sunsets on them has been a success. While a new budget program often has a 2-year sunset, as in the next biennial budget process for review, a 6-year sunset still lends advantage and longevity to tax policies. However, providing no regular review for policies that can cost tens of millions of dollars or more each year could let flawed and ineffective policies sap funds from the budget without consideration or review.

Ensure that no new tax breaks are created in the corporate activities tax without sunsets. Do not repeat the mistakes of your predecessors by blowing holes in core funding streams, such as the CAT, without regular review. Doing so will leave your successors with the unenviable task of catching up on years of missed review and evaluation.

