




OREGON REVENUE ROUNDTABLE




Testimony to the Revenue Subcommittee of the Joint Student Success Committee
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Iris Hodge (Main Street Alliance)

Daniel Hauser (Oregon Center for Public Policy)

Bob Estabrook (Oregon School Employees Association)



REVENUE ROUNDTABLE PARTICIPANTS

- AARP
- American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
- American Federation of Teachers (AFT)
- Children First for Oregon
- Human Services Coalition of Oregon (HSCO)
- League of Women Voters of Oregon
- Main Street Alliance (MSA)
- Neighborhood Partnerships (NP)
- Oregon Center for Public Policy (OCPP)
- Oregon Coalition of Christian Voices (OCCV)
- Oregon Food Bank
- Oregon Public Education Network (OPEN)
- Oregon School Employees Association (OSEA)
- Oregon Student Association (OSA)
- Oregon Women's Rights Coalition
- Partners for a Hunger-Free Oregon
- Tax Fairness Oregon (TFO)
- Upstream Public Health
- Urban League of Portland

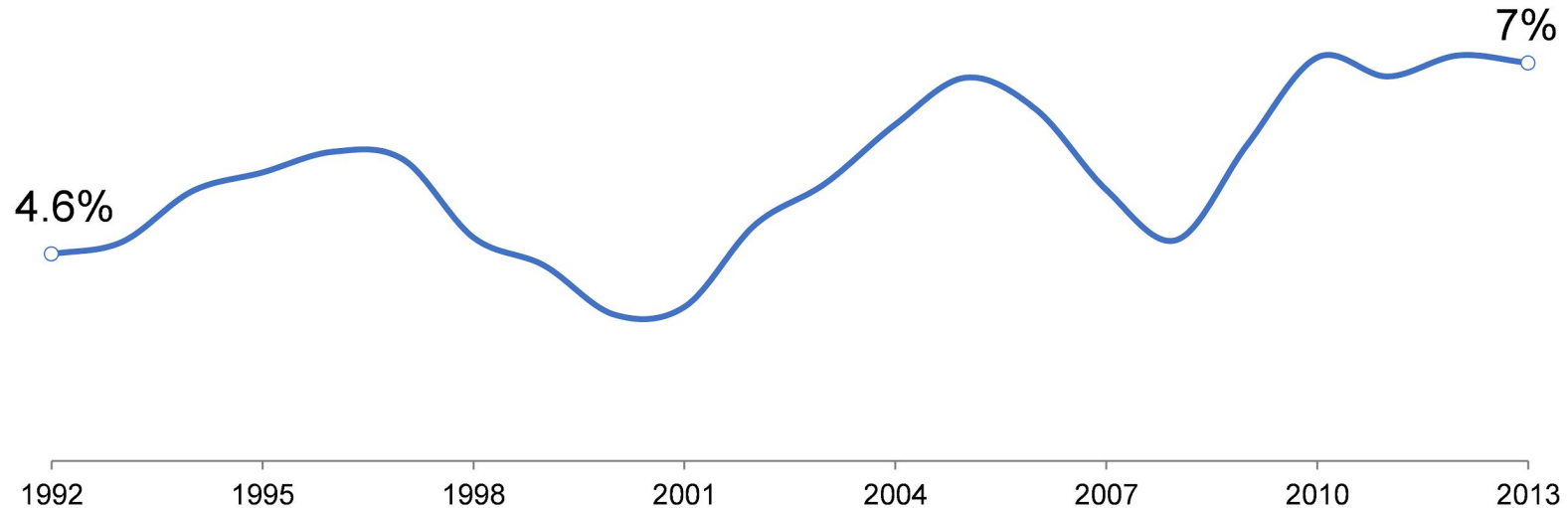
WHY TAX REFORM?

- Underfunded schools
- Low business taxes
- And...

CORPORATE PROFITS HIGH

Corporate profits stand near a record high

C-corporation profits as a share of national income from 1992 to 2013



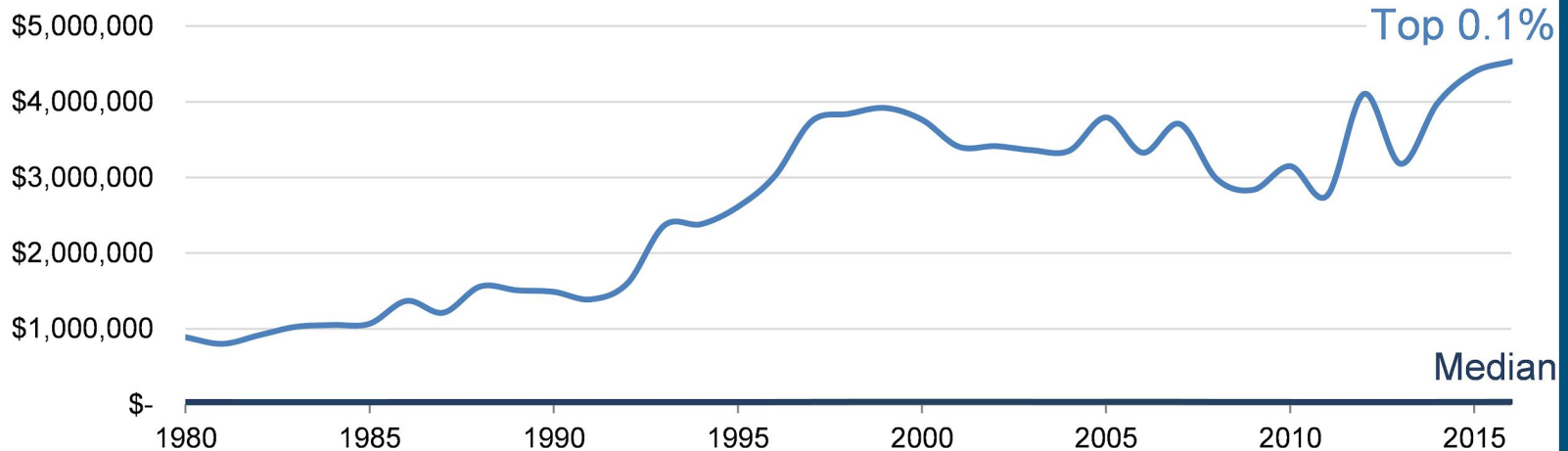
Source: OCPP analysis of U.S. Bureau of Economic Analysis and Internal Revenue Service data.

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RECORD INCOME INEQUALITY

Income of richest 1-in-1,000 Oregon families at record high

Average income of Oregon's top 0.1% compared to median taxpayer from 1980-2016



This chart only includes full-year resident returns.

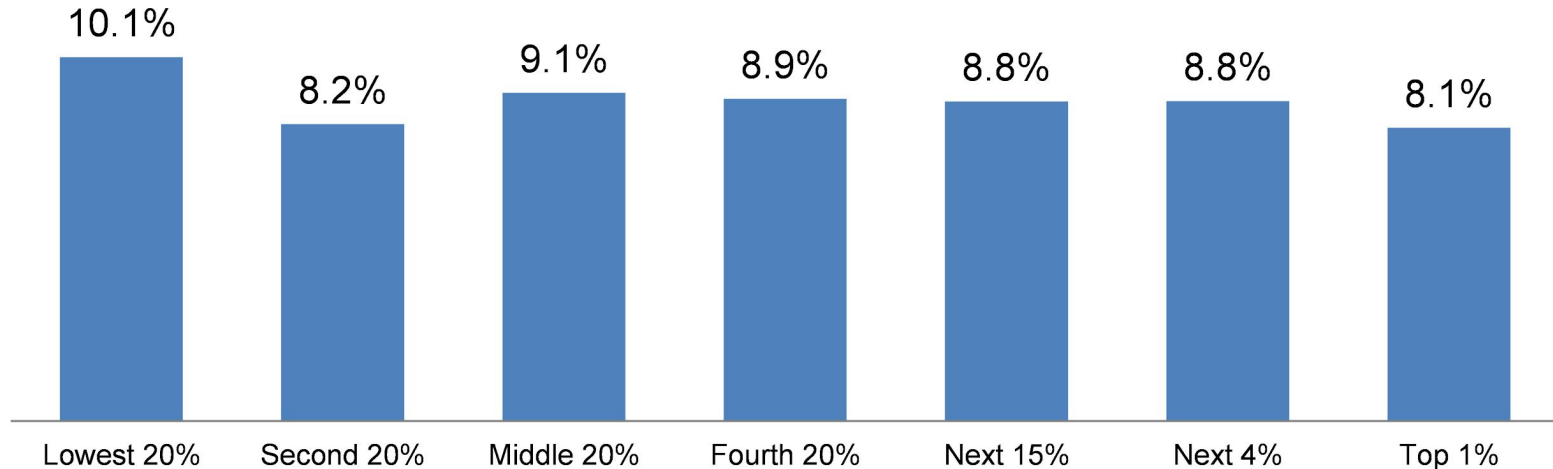
Source: OCPP analysis of Oregon Department of Revenue data adjusted for inflation using CPI-U-RS.

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REGRESSIVE TAX STRUCTURE

Richest Oregonians pay the least; poorest the most

Share of pre-tax income paid in state and local taxes in Oregon by income group



Source: OCPP analysis of Institute on Taxation and Economic Policy data.

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ESSENTIAL PRINCIPLES

- Progressive
- Adequate
- Equitable
- Viable

PREFERRED PRINCIPLES

- Simple
- Stable
- Horizontally Fair
- Neutral

BUSINESS TAXATION

- **Current structure**

- Corporate income and excise taxes
- Corporate minimum tax
- Individual income tax for pass-through businesses

- **Discussed new taxes**

- Gross receipts tax (CAT)
- Modified gross receipts tax (VAT, BAT)

- **Improvements to existing structure**

REVENUE ROUNDTABLE PROPOSALS

INCREASE CORPORATE TAX RATES

Corporate Income Tax					2 Year Revenue Estimate
Current					
Brackets	0 - \$1m	\$1m +			
Rates	6.6%	7.6%			
Proposal 1					
Brackets	0 - \$1m	\$1m - \$10m	\$10m+	\$320,000,000	
Rates	7.6%	9.6%	11%		
Proposal 2					
Brackets	0 - \$7,000	\$6,900 - \$17,600	\$17,600 - \$250,000	\$250,000 +	\$340,000,000
Rates	5%	7%	9%	9.9%	

IMPROVE CORPORATE MINIMUM TAX

Corporate Minimum Tax			
Brackets	Current	Proposal 1	Proposal 2
0 - \$500k	\$150	\$150	\$150
\$500k - \$1m	\$500	0.30%	0.45%
\$1m - \$2m	\$1,000	0.30%	0.45%
\$2m - \$3m	\$1,500	0.30%	0.45%
\$3m - \$5m	\$2,000	0.30%	0.45%
\$5m - \$7m	\$4,000	0.30%	0.45%
\$7m - \$10m	\$7,500	0.30%	0.45%
\$10m - \$25m	\$15,000	0.30%	0.45%
\$25m - \$50m	\$30,000	0.30%	0.45%
\$50m - \$75m	\$50,000	0.30%	0.45%
\$75m - \$100m	\$75,000	0.30%	0.45%
\$100m +	\$100,000	0.30%	0.45%
2 Year Revenue Estimate		\$652,000,000	\$1,110,000,000

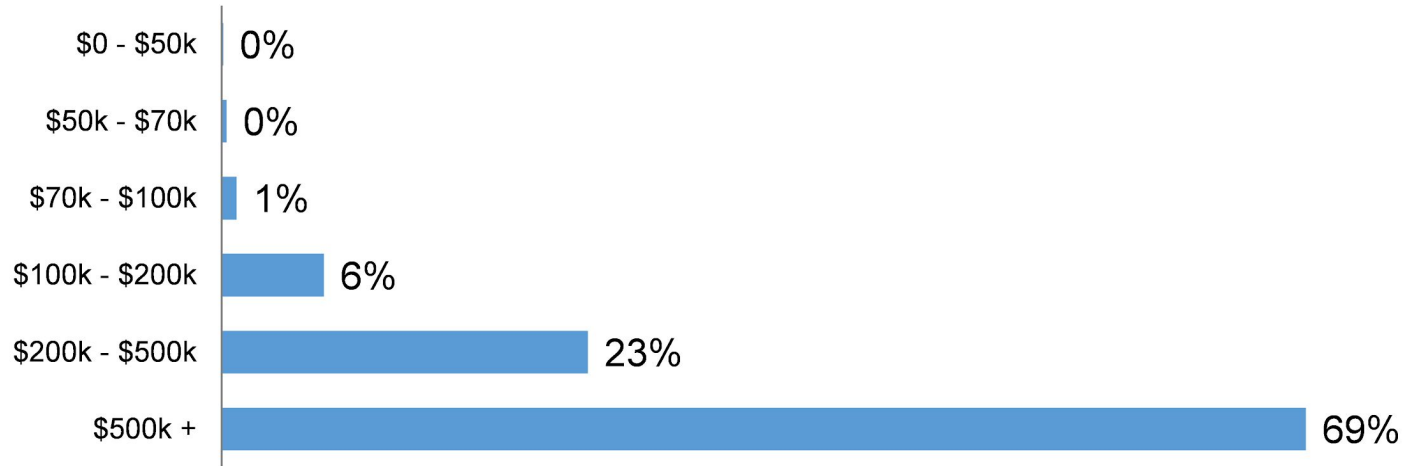
EXPAND CORPORATE TAX BASE

- Complete reporting
- Expand corporate minimum to more businesses

ELIMINATE REDUCED TAX RATES FOR PASS-THROUGH BUSINESS PROFITS

Rich Oregonians get bulk of pass-through income tax break

Share of revenue impact by income group from the reduced tax rate for pass-through business income



Totals do not add up to 100% because of rounding.

Source: OCPP analysis of preliminary Oregon Legislative Revenue Office data on the 2017 tax year.

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THANK YOU

PROGRESSIVE

ADEQUATE

VIABLE

EQUITABLE