

The League of Women Voters of Oregon is a 102-year-old grassroots nonpartisan political organization that encourages informed and active participation in government. We envision informed Oregonians participating in a fully accessible, responsive, and transparent government to achieve the common good. LWVOR Legislative Action is based on advocacy positions formed through studies and member consensus. The League never supports or opposes any candidate or political party.

Feb 28 2022

To: [House Revenue](#)
[Rep. Nancy Nathanson](#), Chair

Re: [SB1534 A](#) – Tax Credit Omnibus Bill – **Oppose**

The League of Women Voters of Oregon believes any tax proposal should be evaluated with regard to its effect on the entire tax structure. The League supports the following criteria for evaluating taxes and tax systems:

- A tax system that is equitable, adequate, stable, easy to administer and as simple as possible;
- A tax system that takes into account the taxes levied by all levels of government covering the same tax base.

Unfortunately, SB 1523A bundles a number of tax credits together, which we feel is ill-advised, especially in this short session. We do not feel this bill got adequate evaluation of each tax credit, and we especially object to the inclusion of the Gain Share extension for another seven years without evaluation of its merits, especially in light of its effects upon all other elements of our tax system.

This would total 14 years for the Gain Share credit without proper review.

In 2009, the legislature wisely passed a bill for all tax credit bills to be reviewed by default every six years on a staggered review schedule by the **Joint Committee on Tax Expenditures**. As required by a 2013 bill, the Legislative Revenue Office recently published its [Research Report #2-21 on January 28, 2021](#). The report describes the purpose of the tax credit review process

“The Joint Committee evaluates credits based on policy committee input, recommendations, and prioritization, while considering general tax policy criteria. The Committee collectively considers all bills affecting the existing tax credits as well as any new credits proposed during the session. Some may be allowed to sunset as scheduled; some could have their sunset date accelerated; and others could be extended and/or modified. Examples of potential modifications include: separating a single tax credit into multiple tax credits, merging multiple tax credits into a single tax credit, adding some form of means-testing, and sunseting a tax credit early to raise revenue that can then be redirected to a different program.”

HB 1524A, however, bypasses this wise practice of careful review by the Joint Committee on Tax Expenditures. In the case of Gain Share, the bill is set to expire in 2024, but is scheduled to be reviewed in 2023 by the tax expenditure committee. There is no reason whatsoever, and none given in this bill, to skip this review. No explanations or any factual data are given for the modifications to double the film tax credit, or to extend the rural medical tax credit to rural medical technicians throughout the state. These credits may be well-intentioned, but there is policy in place to review tax credits equitably. Its rationale is to avoid preferential treatment to geographic locations or classes of taxpayers to the detriment of others. Since Washington County, one of our most affluent counties, has been the recipient of about 95% of the financial benefit to date, and it now appears to be certain other counties are looking to cash in on this tax

credit. It is important that the inequities, stability and adequacy of our revenue from all tax sources needs careful evaluation before any of these tax credits are extended, which is especially impactful in terms of Gain Share.

Therefore, we oppose this bill where only a few counties stand to gain at the expense of General Fund revenue. We urge you to let the approved review process decide which credits should be extended, allowed to sunset or to be modified as described in the LRO Research Paper cited above.

Thank you for this opportunity to weigh in on SB 1524A and we urge you not to pass this bill.

Sincerely,



Rebecca Gladstone
LWVOR President



Josie Koehne
LWVOR Revenue Coordinator

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