



OPAL

Environmental Justice Oregon

opalpdx.org

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Dear Chair Beyer and Members of the Senate Committee on Business and Transportation,

OPAL Environmental Justice Oregon builds power for environmental justice and Civil Rights in our communities. We develop leadership within low-income communities and communities of color around issues of environmental, racial and social justice through grassroots organizing and policy advocacy. We initially focused in East Portland, the fastest growing and most diverse area of the City of Portland. Bus Riders Unite, Portland's transit riders union, is a multiracial, multicultural and intergenerational membership base with leadership reserved for transit dependent riders.

Public transit is a lifeline for our constituents and can mean the difference between a job, safe housing, education, and access to services and recreation. We have a strong interest in any effort to raise more desperately needed revenue to fund public transportation at the state level. Thank you for highlighting this need. However, OPAL and our membership would ask for an amendment to SB1521 to address the regressivity of the tax in its current form. The employee wage tax proposed by SB 1521 is a regressive tax that disproportionately harms low income households, the very individuals and families who rely on this critical service.

SB1521 proposes a regressive payroll tax on employees, disproportionately impacting low-income families. The bill lacks key protections for low income people and workers in certain sectors. Advocates for poor and working class families such as ourselves recognize that an income tax is more just than a wage tax because the income of poor and working class households comes almost exclusively from wages, while a larger share of income comes from non-wage sources in more affluent households. In effect, a wage tax places a tax burden on nearly the entire household income of poor and working class families, while only placing a tax burden on a portion of the income of wealthier residents.

The employee wage tax proposed by SB 1521 applies to all wage earners within a transit district, even those working only part time and/or making minimum wage (or less). By not excluding low-income employees from a new wage tax, SB 1521 would reduce the income of people who are struggling to survive on their current income. Oregon politicians publically recognize that the state minimum wage is insufficient and many are considering an increase. Reducing the income of low-wage employees by not exempting them from a wage tax is inconsistent with concurrent efforts to improve the wages of the working poor.

In addition, SB 1521 currently does not exempt employees from paying the proposed wage tax even if their employer is exempt from paying the current transit "payroll tax" in their area. For example, businesses that employ "seasonal agricultural labor" do not have to pay transit payroll taxes on the wages they pay to those employees. But, as written, SB 1521 would require those employees themselves to pay the transit wage tax.

We would like to work with you leading up to the 2017 legislative session to encourage the use of a net income tax for transit that mirrors Oregon's state income tax system – which includes an exemption for households making below a certain income threshold, and a graduated tax structure based on income brackets as opposed to the flat-tax structure proposed by SB1521.

Due to the compressed nature of the 2016 short session, we look forward to engaging more in 2016 to craft a solution which meets our long term transit funding needs.

Sincerely,

Vivian Satterfield
Deputy Director

**Building Power for Environmental Justice
and Civil Rights in Our Communities**