



**February 6, 2018**

To: Members of the Senate Committee on Finance and Revenue

Fr: Matt Swanson, SEIU Local 503

Re: Senate Bill 1528, dash 3 Amendment

Chair Hass and Members of the Committee,

On behalf of the members SEIU Local 503, an organization of more than 72,000 people who are standing together to improve the lives of working Oregonians. We provide valuable services to our communities, doing more than 500 different jobs in 85 state, local government and non-profit agencies and care facilities.

**SEIU supports the elimination of so-called pass through tax break**

We would support elimination of the special pass through rates entirely, because it only seems fair that business owners pay the same rate as those who work for them. We are encouraged to see that there is a recognition that this needs fixing as the so-called “pass through” tax rate reduction is limited to businesses under \$250,000. Currently, according to the Legislative Revenue Office, this preferential tax treatment is expected to cost \$239 million. Over 92% of the total cost of this preferential rate goes to claimants who take home over \$200,000 per year and 69% goes to those making more than \$500,000. We believe that this does not meet the state’s goals. There are many tax breaks or tax credits that make sense because they meet a stated goal, the vast majority of the pass through tax break goes to the wealthiest Oregonians. We believe that Oregonians would support a reduction or elimination of this tax break to invest in essential services.

**SEIU is concerned about additional tax breaks or credits at this time**

Other changes to the tax code, while they may serve an important purpose, should be weighed against other important priorities. Currently there has been a lot of debate about cuts to the program that serves children with intellectual and developmental disabilities, and thousands of families are at risk of losing services because of a \$12 million reduction to the program. We should not be creating new tax breaks, when we have critical programs being cut. If we do create some tax breaks, we hope that we will

fund the current need in the budget first. If we can pull back tax breaks going to the wealthiest Oregonians and appropriately disconnect from the Federal tax code, those dollars can be put to good use in our current state budget.