



Senator Roblan, Representative Smith Warner, members of the committee, my name is Tom Simpson, I'm the Director of Government and Regulatory Affairs for Standard Insurance Company.

Standard Insurance is Oregon's largest headquartered insurance and financial services company, founded in 1906 in Portland.

We employ more than 3,000 individuals, the majority of them here in Oregon, and do business nationwide.

We are supportive of an increased investment in Oregon's public education system as part of the broader revenue/expense discussion underway and are happy to pay our share.

However, the manner in which added taxes are imposed on traded sector insurers is very consequential.

Insurance companies are uniquely subject to retaliatory taxes by other states. In each state, we are required to pay the higher of Oregon's effective rate or the rate in the other state.

When Oregon's rate is higher, the other state "retaliates" by taxing us at the higher rate. That can make our products and services uncompetitive in other states since insurers headquartered elsewhere are not subject to the higher retaliatory rate.

Today, insurers are subject to an excise tax structure in Oregon.

Preserving Oregon's excise tax structure for insurers provides legislators flexibility with the rate, but also a lower likelihood of triggering significant retaliatory taxes on its few traded sector carriers.

Under some concepts being floated in the building The Standard would pay three times more in retaliatory taxes to other states than we would be taxed by Oregon.

That makes no sense and serves no public policy objective.

Those are dollars that won't benefit Oregon's schools. They just go elsewhere.

After discussion with industry tax experts and the COST consultants, we believe the better route is to maintain Oregon's existing excise tax structure for insurers. We are open to an adjustment to the excise tax rate as part of the broader revenue and expense control effort underway.