



**Coalition
for the
Common
Good**

Testimony to the Joint Committee on Student Success

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Phil Bentley

Oregon Health Care Association

Co-Chairs Roblan and Smith Warner, members of the committee, my name is Phil Bentley on behalf of the Oregon Health Care Association (OHCA) and the Coalition for the Common Good. I am pleased to be here this evening along with many other business leaders who are supporting HB 3427 and the Student Success Act.

OHCA represents a 1,000 businesses and organizations that provide senior housing and long-term care services in communities across the state. Our members consist of local public health districts and non-profits, small and medium-sized LLCs and S corporations, and a few C-corporations. Our members employ and care for over 75,000 Oregonians each day, who along with their families rely on public education to prepare them for their futures.

Thank you for all of the work that has led to this evening. For decades, we have watched legislators struggle to balance the state budget and fund essential services like education, health care, human services and public safety. HB 3427 reflects a significant change in the trajectory of Oregon's future.

For too long, Oregon has relied primarily on personal income taxes, with roughly 70% of the state's general fund coming from this single source. In addition, passage Measure 5 created a school funding gap of more than \$4 billion per biennium. This combination has resulted in a boom-bust revenue cycle and inadequate funding for critical services.

As Dr. Paul Warner, former LRO Revenue Officer, states in his written testimony to this committee, "the combination of a broad-based commercial activity tax and a reduction in marginal personal income tax rates will diversify Oregon's revenue system and reduce cyclical volatility."

We support the modified commercial activity tax proposal before this committee. We could also support the "simple CAT", which had a lower rate without deductions for labor or business inputs. The virtues of that proposal are simplicity and predictability. For our members, who have a large percentage of costs attributable to labor, the net tax liability is similar under the two options.

The Coalition for the Common Good supports HB 3427 and the Student Success Act and urge its passage. We appreciate that it is structured as a low-rate, broad-based tax that has been applied successfully in other states and raises substantial revenue that will be invested in Oregon classrooms.

Thank you.