



SB 211: It's time to rethink this employer tax break (aka the Pass-Through tax break)

Testimony for Senate Finance and Revenue – Jody Wiser – 2.19.2019

We're glad you are working on this Employers Tax Break. The -1 amendment is a step in the right direction, removing it for these service businesses is an excellent idea.

If you set Oregon's corporate tax rate at exactly with people pay, you could easily justify ending this tax break entirely. Removing the fact that the corporate tax rate is lower than that for all other businesses disappears as a justification for reducing the personal income tax rates for pass-thru and sole proprietor business owners who are employers.

If Legislators are unwilling to end this tax break entirely, then they really should look at what it is.

The new limits of \$207,500 for single filers and \$415,000 for joint filers still provides benefits for the top 1%. And it's the first \$415,000 of income that is benefited, not if one has more than \$207,500/\$415,000 in income you're not eligible at all.

Under this bill, smaller businesses are getting a lower rate reduction than those with higher incomes.

Businesses with less than \$250,000 of taxable income get a reduction of 1.8%

For businesses with more profits, \$250,000-\$415,000, the reduction is 2.7%.

This is not right.

What do we propose if you keep the tax break?

The taxable income limits should be no more than 2 times the median household income in this state, \$120,000. And that should be a hard limit. Any household with income above that amount should get no benefit from this Employers Tax Break.

A rate change could give all filers:

7.0% rate for those with income under \$40,000

7.5% rate for those with income under \$80,000

8.0% rate for those with income under \$120,000

No rate reduction for those with income over \$120,000.

While this still advantages business owners over their employees, at least it focuses the benefits on those who have small taxable incomes, and leaves the General Fund with the assets to provide education, human services, public safety, health care and economic development for these employers and for all other Oregonians.

These changes would give you more revenue to work with and decrease the excesses of the original 2013 legislation and its changes since.

We read the bills and follow the money

