



March 20, 2020

Senator Arnie Roblan, Co-Chair
Representative Paul Holvey, Co-Chair
Joint Special Committee on Coronavirus Response
Oregon Legislative Assembly
Salem, OR 97301

The purpose of government is to perform functions the Legislative Assembly determines appropriate. Through elected leaders, we the people demand public services and pay taxes to support them. Tax Fairness Oregon believes the Joint Special Committee should consider the state's needed services before cutting revenue.

Oregon will soon have urgent needs that its imbalanced tax structure will not adequately address. The business lobby, in its March 18 statements, contends that tax reductions should be among the Legislature's priorities. But as business net income and transaction volume collapse, reducing rates, new tax breaks or tax holidays will not provide effective relief. Business with no net income will owe no tax.

The Legislature has no reason to delay implementation of the CAT. The initial filing deadline is April 30, on activity in the first quarter. The law and Department of Revenue advice provide adequate time for businesses of any size to estimate liabilities. In addition, DOR stated: "The department will not assess underpayment penalties to taxpayers making a good-faith effort to estimate their first quarter payments."

We are struck by a difference in the proposal scheduled for consideration March 20, "Temporary Relief for The Duration of Emergency Declaration Immediate Actions to be Taken by the Legislature by March 31st."

It appears that rent supports, eviction protections and UI benefit changes for people are based on need from the effects of COVID-19, whereas the "Short-term employer support" changes are for all employers regardless of need. In items 16 and 17, it is unclear what "90-day Pause" and "waive UI charges" mean. We suggest that all relief should be based on need.

As a revenue watchdog, Tax Fairness Oregon responds to Item 5 of the business lobby's statement:

Ask local governments either to put a hold on new tax measures, pending resolution of the coronavirus crisis or to work with their local business communities to consider delaying or changing implementation strategies.

Local governments should remain free to consider their fiscal needs as the legislature has authorized.

Suspend payroll taxes including UI for small businesses.

Businesses that are shuttered because they laid off their workforce won't have liabilities. Profitable businesses don't need the relief from relatively small taxes.

Institute a moratorium on the weight-mile for trucking firms playing a critical role in delivering supplies and consider reduction in corporate minimum taxes.

Trucking firms that are delivering supplies are carrying on; those that may have closed will have no liabilities.

Create a tax credit for restaurants and lodging operations along with other facilities that issue refunds for cancelled events.

Tax credits are an ineffective blunt instrument. Businesses without profits can't use tax credits.

Create incentives, including tax credits, for investments in job retention, extended paid time off and remote work opportunities.

Again, businesses that aren't profitable have no use for tax credits.

In general, we note that Congress is considering a variety of emergency expenditures. The Legislature would be wise to wait for immanent federal action before passing provisions that may prove redundant.

Thank you for your consideration.

Jody Wiser

We read the bills and follow the money