



NEWS

Oregon Legislature - House Democratic Caucus

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House Democrats Bring Tax Cuts for Middle Income Oregonians Back to House Floor

SALEM – Tens of thousands of middle income Oregon families will receive tax relief for medical expenses and tuition costs under a bill moved back to the House floor today by the House Revenue Committee. SB 301 connects Oregon’s tax code to those federal changes for 2010 and is essential to allowing Oregonians to complete their 2010 tax filings.

House Democratic Leader Dave Hunt said the decision to move forward with tax relief for tens of thousands of Oregon families was part of an agreement reached with House Republicans and the Oregon Senate rebalancing the 2009-2011 budget. Those bills passed the House floor last week unanimously. Hunt said there was no agreement on federal reconnect issues for 2011 and refuted claims made by House Republican Leader Kevin Cameron that there was such a deal.

“We can’t hold up tax relief for over 50,000 Oregonians in 2010 to continue a debate on tax breaks for 2011,” said Hunt.

“We rightfully left the 2011 federal reconnect issues out of this bill dealing with tax relief for middle income Oregonians in 2010. We needed to get this bill done as quickly as possible to allow Oregonians to file their 2010 tax returns in a timely fashion,” said House Revenue Co-Chair Phil Barnhart (D- Central Lane and Linn Counties). “Despite the rhetoric, we chose to leave 2011 tax decisions until they can be considered in the greater context of crafting the budget for the 2011-2013 biennium.”

“Contrary to the claims of House Republicans, there is no tax increase under this decision to move forward today with tax relief for middle income families. This bill is about 2010 and 2010 only,” said Hunt. “The federal government is offering businesses a bonus depreciation for 2011 that allows them to take a significant tax break on their federal taxes. As we do every session, we will have a discussion on how to connect to the federal tax code. But first and foremost we need to provide tax relief to middle income families for the 2010 filings.”

Under either scenario, Oregon businesses will continue to have a significant tax break at both the state and federal level for any equipment they purchase in 2011. The real question is whether the Legislature allows them an even greater tax break than they already receive, especially at a time when schools, health care and other critical human services are being cut.

House Ways and Means Co-Chair Peter Buckley said he is urging swift passage of the 2010 tax relief bill and that adding in the 2011 reconnect issues could slow down passage of the bill and hinder the ability of Oregonians to file their 2010 taxes.

“As we craft the 2011-2013 budget, we have a process in place to consider tax credits, tax shelters and other tax breaks that would impact on our ability to fund schools, provide health care and protect seniors,” said Buckley. “The business bonus depreciation issue has the potential to cost the state \$90-\$100 million and it should be considered in exactly the same way we are considering every tax credit this session.”

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