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Democrats choose health insurance premium tax over bipartisan alternative

New tax will hit school district budgets, impact small businesses and college students

Salem, Ore. - Over the objections of House Republicans, House Democrats today chose to advance HB 2391, a healthcare funding package that includes a new 1.5% tax on health insurance premiums. House Republicans, who had introduced an alternative funding plan that garnered bipartisan support, criticized the inclusion of the premium tax, which will increase government operating costs and insurance premiums for small businesses and college students.

"House Republicans strongly believe in providing healthcare coverage to our most vulnerable populations, but the package brought forward by Democrats simply is not the best deal for Oregonians," said Representative Cedric Hayden (R-Fall Creek). "The inclusion of a tax on insurance premiums will result in higher health care costs for small businesses, college students and everyone in between. It's disappointing that bipartisan alternatives were not given the consideration they deserved by the majority party."

House Republicans had [previously presented an alternative funding plan](#) that would have provided a similar level of funding for healthcare services, but without taxing insurance premiums. The Republican plan would have fully funded the state's Medicaid expansion population, as well as other core healthcare services. It was never granted a public hearing by Speaker Kotek and majority party Democrats. House Democrats also [refused to consider a bipartisan proposal](#) that would have redirected \$50 million to the Oregon Health Plan instead of sending it back to insurance companies.

Under the plan approved by House Democrats, school districts, nonprofits, small businesses and more than 10,000 college students are likely to see the cost of healthcare increase due to the inclusion of the new premium tax. Early estimates provided by the Oregon School Boards Association show that schools would be likely see a cost increase of \$23.5 million for the 2017-19 biennium, an amount districts can ill afford at a time when other cost drivers have placed an increasingly heavy burden on their budgets.

"It did not have to be this way, but House Democrats refused to entertain reasonable alternatives," concluded Rep. Hayden. "I am hopeful that the Senate can find a way to amend this bill and prevent lawmakers from placing a new tax on students, small businesses and nonprofits."

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