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NEWS RELEASE

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Oregon House Leaders Announce Plan to Reform Business Taxes, Invest in Education

Education Investment Initiative aims to stabilize budget, strengthen schools

SALEM – Today three senior House Democrats released the Oregon Education Investment Initiative – a plan to invest in Oregon’s education system by overhauling and modernizing the state’s outdated business tax structure.

The initiative builds upon a framework developed by a six-member, bipartisan work group, which developed a new Commercial Activity Tax (CAT) to replace Oregon’s corporate income tax system. The framework, released on Tuesday of this week, did not include a proposed tax rate. Today’s Education Investment Initiative proposes a CAT of 0.95% on a business’s sales in the state, applied only to companies with more than \$5 million in Oregon sales; smaller businesses would pay just \$250. The lawmakers also proposed \$200 million in tax relief for low- and middle-income households.

The Education Investment Initiative would raise \$2.1 billion this biennium and commit a minimum of 75% of revenue generated through business tax reform to education.

“Are we going to make another generation of students wait while the adults figure this out? That would be a real shame. It’s time to take action,” said House Speaker Tina Kotek (D – North Portland). “We have an opportunity to end the 20 years of boom-and-bust budgeting that has robbed our schools and public services of the stability needed to achieve the outcomes Oregonians want.”

Speaker Kotek introduced the initiative along with the budget and revenue leaders in the House: Rep. Nancy Nathanson (D – Eugene), co-chair of the budget-writing Ways and Means Committee and Rep. Phil Barnhart (D – Eugene), chair of the House Revenue Committee.

“I’ve spent the past two decades fighting to find a way to fund our schools in the aftermath of Ballot Measures 5 and 50,” Rep. Barnhart said. “Now is the time to act: the state economy is strong, but there are storm clouds on the horizon.”

The three legislators presented their plan to the Joint Tax Reform Committee, which met for the first time on Tuesday. Their presentation can be viewed [here](#).

“Legislators have an important choice to make: do we find another Band-Aid to close the current shortfall and resign ourselves to mediocre outcomes, or do we take action to invest in Oregon’s future?” Rep. Nathanson said. “I believe we should make the choice to finally invest in Oregonians' priorities at a level that gives everyone a chance to succeed.”

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