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HOUSE OF REPRESENTATIVES

Chief Clerk Sekerak,

Although I am very committed to finding ways to expand Oregon's economy in an equitable way, I decided to be a NO vote on House Bill 3401.

My reasoning for a NO vote is as follows:

The current tax structure has existed for several years and there is no agreement as to its effectiveness or structure. I question the urgency of passing a bill that adds more businesses to an already flawed tax policy.

I would have preferred to tackle this specific issue in context of a more comprehensive revenue discussion. Passing this now will make it more difficult to address comprehensive revenue and cost-reduction policies that we must have in 2019.

- 60 percent of the tax benefit will go to sole proprietorships with over \$500,000 in taxable income.
- Truly small businesses, those bringing in \$50K or less in taxable income, receive only about \$150 in tax savings.
- This arrangement totally misses the target of helping Oregon's struggling start-ups achieve their potential.

The bill cost is also of concern. \$11 Million per year is tossed around like it's nothing, but there are worthwhile programs that could benefit our communities with that kind of money. For example, I have been unable to get \$5 million for targeted job training that would train people in communities of concentrated poverty for jobs that already exist near where they live. Also, our community colleges suffered a drop in funding in 2017 that needs to be replaced. There are many other examples.

Going forward, I would like to see a more comprehensive approach to reform this policy and our outdated revenue system. For example, I would be interested in participating in a robust discussion based on Representative Gomberg's proposals which includes: minimizing current restrictions by adjusting qualifying employee hours from 1,200 to 1,000 and elimination of the 30 hour per week requirement. I want a revenue neutral solution, which will require a reduction of the cap. That, no doubt, will require much debate.

Jeff

