



JOHN LIVELY
STATE REPRESENTATIVE
DISTRICT 12

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HOUSE OF REPRESENTATIVES

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May 21, 2018

Tim Sekerak
Chief Clerk
Oregon House of Representatives
900 Court Street NE, H-271
Salem, OR 97301

Per Section 3.35 of the "Special Session Rules of the House of Representatives" Seventy-Ninth Legislative Assembly I am submitting the following "Explanation of Vote" for House Bill 4301. I voted against the measure.

I considered several factors in my decision to vote no.

- An estimated 305,700 sole proprietors are projected to file a full-year Oregon return in 2018. HB 4031 impacts approximately 12,000 of those businesses. 40% of the benefit of this measure will go to those businesses with total income equal to or exceeding \$500,000 and a little over 30% to those with income between \$200,000 and \$500,000. Filers with income under \$100,000 are projected to receive under 8% of the tax reduction. For me this does not actually address the issue of a "small" business tax credit, or represent the sole proprietors who can best benefit from the tax reduction. Most sole proprietors in my district are in the category of less than \$100,000 in income. I believe this measure further disadvantages those businesses.
- This measure reduces funds available to spend on critical state programs including education (O – 20), child welfare, health insurance and others that working-class Oregonians most benefit from. When most agree more investment is needed in many of these areas, it makes no sense to me to further diminish the funds available through a tax reduction.
- The majority of working families in my district do not make \$100,000 per year, nor can they write off any of their expenses as business owners can. These working families will continue to pay the same rate as many who make much more than they do and in some cases more than those who employ them. A more progressive tax system for working families should be as high a priority as addressing the business tax structure.
- Nothing in this measure provides any guidance on what return the Oregon taxpayers can expect by providing this additional tax reduction. I believe those who receive the benefits of tax reductions have an obligation to show prove of the return to the taxpayers. Just like we are continually evaluating state programs we invest public funds in, we should do the same for



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funds invested as tax reductions. Many talk about new jobs, new equipment investment and other similar outcomes from tax reductions on businesses, but we have a very poor track record in demonstrating this takes place.

Sincerely,

A handwritten signature in black ink that reads "John Lively". The signature is written in a cursive style with a long, sweeping underline.

Representative John Lively