



The Capitol Granger

Weekly news from your Grange lobbyist

Lawmakers look for more money anywhere they can to boost revenue

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Like much of any legislative session, this week's big discussions were around money. State officials and lawmakers alike say they need to raise taxes in order to continue paying for basic services.

That insiders in capitol tax talks call their latest idea a "commercial activities tax" may be a bit puzzling to some watchers. Analysts, and even lawmakers themselves, often alternately refer to the idea as a "gross receipts tax."

A hearing of the Joint Committee on Tax Reform this week explored ways to create the tax on business sales in 2018, and spread the burden among the greatest number of Oregon businesses. Supporters want the tax in order to boost income for education and other needed programs. They also want more revenue to pay skyrocketing costs for public employee pensions and health insurance.

Unlike the Measure 97 tax that voters squashed last fall, this latest regimen would apply to a wide range of large and small businesses rather than only those with sales over \$25 million. Unlike other states' sales taxes, which apply mainly to sales of consumer goods, this tax would apply to services, wholesale trade, warehousing, retail sales, financial institutions, airlines and a host of other industries.

The version this week would hit most businesses

with gross sales of \$150,000 or more. On the other hand, this version would tax businesses much lower than the 2.5-percent rate in Measure 97. It also would eliminate the state's corporate income tax, and would reduce personal income tax rates for some filers.

Legislators from both parties said the plan has details that need to be adjusted. Committee Co-Chair Mark Hass (Beaverton) said he'd like to have more details worked out by the end of the week, and to have something to put before both the House and Senate sometime during the current session.

Tax rates are among the details to be worked out. A draft in the committee meeting called for a flat tax of \$250 on businesses with sales between \$150,000 and \$3 million. For businesses with sales of \$3 million and up, rates would vary by economic sector from 0.25 percent to 0.85 percent.

One thought notably missing from committee talks was voter approval. Legislators can pass a tax increase without voter approval as long as they obtain a three-fifths majority in each chamber. That means that 36 of the 60 House members would have to approve along with 18 of 30 senators.

Please contact me if you have questions or comments about this or other legislation that the Grange is following. My email address is: govaffairs@orange.org.

