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Legislators need to hear from you

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OREGON STATE REPRESENTATIVE
NEWS FROM Pam Marsh

Dear Friends and Neighbors,

This is a critical week in Salem.

Budget decisions made in the next few days will profoundly impact our ability to fund schools, universities, health care and other fundamental services that support families and communities. The choices we make will affect the trajectory of our state for years to come.

Your voice is critical. Legislators considering the hard decisions at hand need to hear – right away! – that you want us to act.

Our budget problems are the result of a fundamental, structural imbalance between existing revenue streams and the needs of the state. In short, the tax system that we created nearly 100 years ago is no longer adequate or equitable for our 21st century needs.

In response, the Legislature is considering a package of significant tax reform to stabilize state revenues and provide funding for basic services. The reform effort would be coupled with \$600 million in cost containment and budget cuts to ensure that dollars are spent wisely and efficiently.

The proposal at hand would eliminate the current corporate income tax and initiate a Commercial Activities Tax (CAT). The CAT, a gross receipts tax on sales and services, would be imposed on a broad base of businesses at a very low (under 1%) tax rate;

proceeds would be largely dedicated to education, including pre-school, K-12 and higher education.

Recognizing that even a very low tax could have some impact on consumers, the effort would include taxpayer relief, most likely in the form of a reduction in individual income tax rates.

The CAT will be imposed above a threshold, most likely in the range of \$3 million but yet to be determined. Businesses with receipts below the threshold will pay a flat fee of approximately \$250. We will also likely consider a possible tiered rate schedule that could reflect the needs of specific business sectors. However, the highest rate will be less than 1%.

Depending on implementation details, the CAT could produce net revenues ranging from \$500 million to as much as \$2 billion for the biennium.

Obviously, this could be a game changer for our schools and universities. **For the first time since Measure 5 passed in 1990, we could invest in reducing class size or an expansion of the school year. And, particularly dear to my own heart, the measure would allow us to build the pre-K programming that we know is essential to ensure that children are ready for kindergarten.**

Of course, it's already the last day of May, and the end of our session is near. But with a significant demonstration of public support, the Legislature will find the time needed.

If you support the kind of tax reform I've described, these legislative leaders need to hear from you – right away:

- [House Speaker Tina Kotek](#)
- [Senate President Peter Courtney](#)
- [Senate Revenue Committee Chair Mark Hass](#)
- [State Senator Alan DeBoer](#)

Please note that support in the Senate is particularly crucial to the success of this vital reform measure.

By the end of the session, the legislature is constitutionally required to balance the budget. One way or another, we will fulfill our duty. But the question is whether we make painful cuts that impact our schools and critical services, patch together a budget that avoids the worst of these cuts for the next year or two, or seize this opportunity to invest in a budget that finally leads to successful outcomes in the long-term -- better graduation rates, lower health care costs, stronger economic development and safer neighborhoods.

Thank you so much for your partnership as we work together for Oregon's future.

Best,

Pam Marsh

State Representative

Oregon House District 5 - Southern Jackson County

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