



**Coalition
for the
Common
Good**

The Coalition for the Common Good is a unique group of Oregon labor organizations and businesses committed to identifying, building, and supporting solutions to achieve our aspirations as a state and to address our most significant challenges.

Founding Members of the Coalition for the Common Good

Cloudability

Oregon Education Association

Nike

SEIU Local 503

Oregon Health Care Association

Oregon AFSCME Council 75

Russell Development Company

Our Shared Values

1. Creating economic opportunity so that all Oregonians – including underserved communities – have a chance to succeed.
2. A strong public education system that serves all Oregonians from pre-K through higher education.
3. A state where businesses can grow and thrive; where Oregon-based businesses are valued for the contribution they make to the local economy and their engagement with the community.
4. Investments that can adequately fund strong schools and essential public services, including access to affordable healthcare and services that help families to achieve well-being and independence.

Investing in Schools

- Our schools and essential public services need adequate investments.
- The status quo in Oregon is both unacceptable and untenable. Despite best intentions, past attempts to solve some of Oregon's most pressing problems have not brought forth adequate solutions. We believe that revenue reform and adequately funding Oregon schools are two of our most pressing problems, and these are heavy issues to tackle on their own.

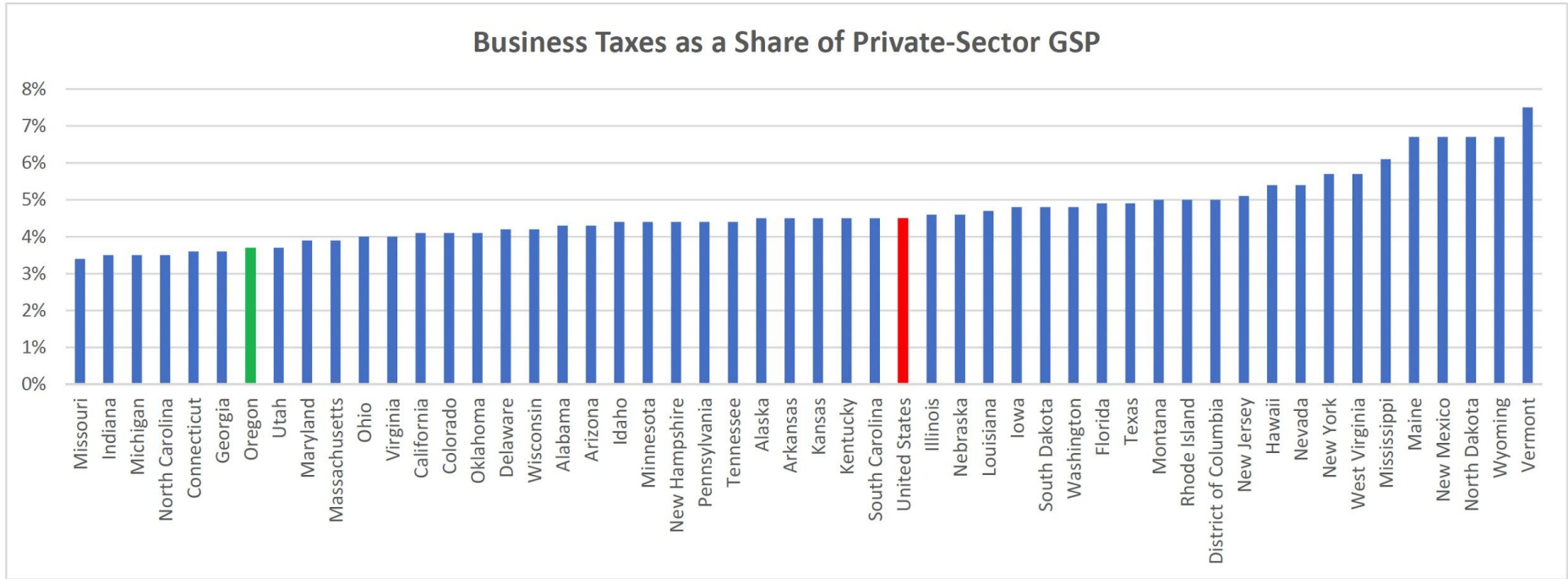
What We Stand For

The Coalition for the Common Good is taking an unconventional approach. We are committed to working together and with the Legislature to create pragmatic, nonpartisan solutions.

We stand ready to work with the Legislature and this Committee to review, inform, and support proposals that reflect collective values, will raise at least \$2 billion to fund our public schools, can gain support among Oregon's advocates and business leaders, and are a politically viable option to both the Legislature and Oregonians.

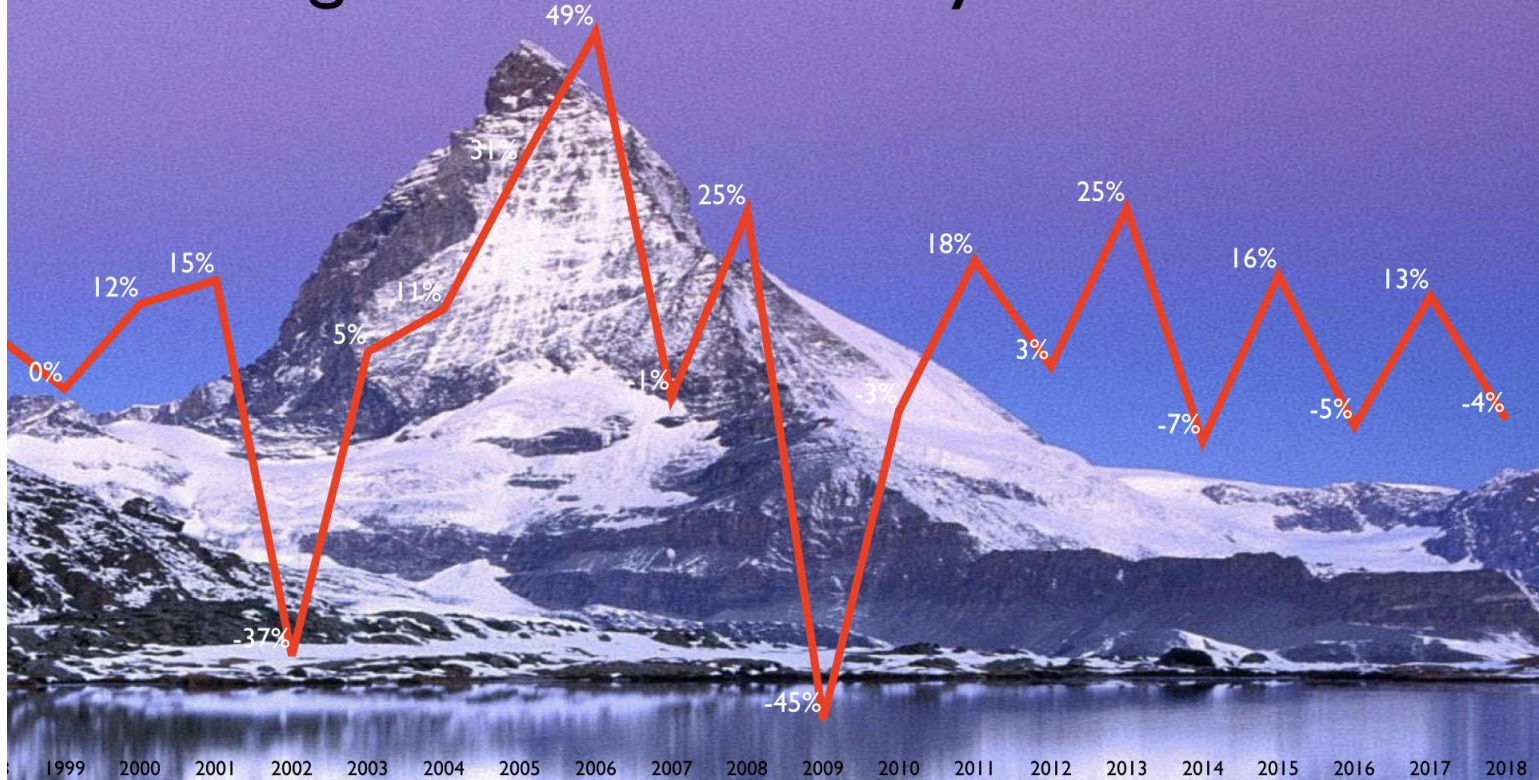
Oregon's Current Revenue Picture

Where Oregon Ranks on Business Taxes



Source: LRO 2/5/2019 - Total state and local business taxes (EY, COST, STRI)

Oregon Income Tax Payments



Source: Senator Mark Hass, based on data from Oregon Office of Economic Analysis

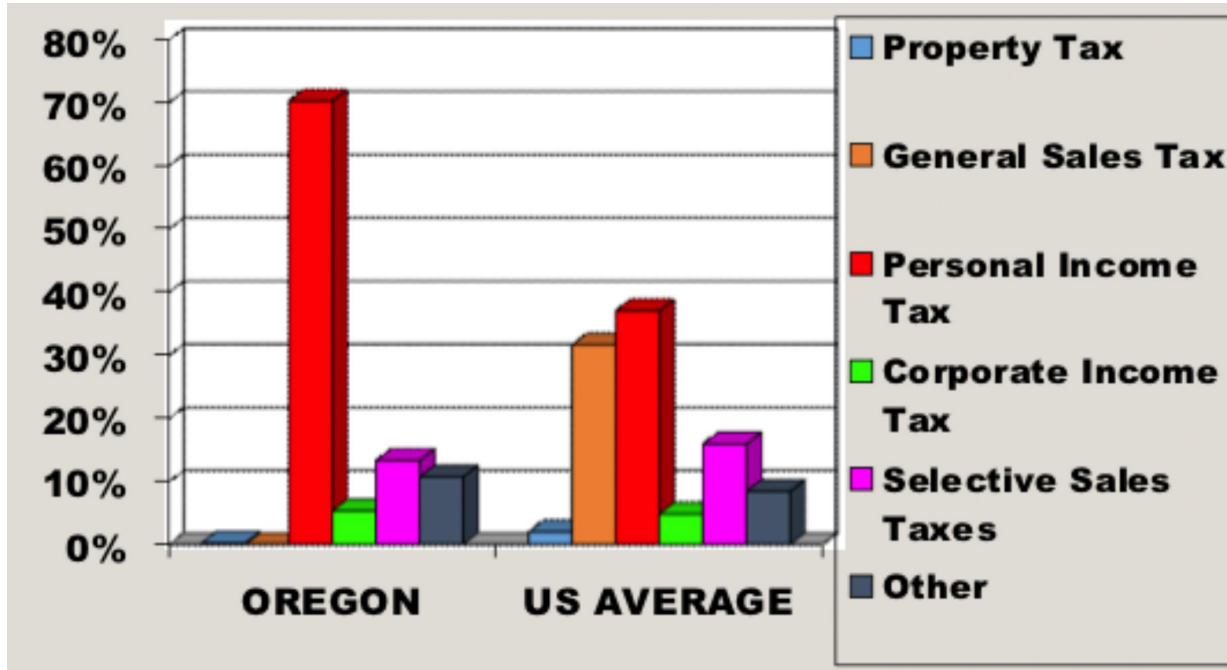
Western State Tax Structures

FY 16-17	Individual Taxes as a Percentage of Total					
State Tax	Oregon	Washington	California	Nevada	Idaho	Montana
Personal Income Tax	70.3%	0%	54.1%	0%	36.6%	44.4%
General Sales Tax	0%	60.5%	22.7%	55.1%	36.8%	0%
Selective Sales Tax	13.4%	19.4%	8.1%	25.1%	13.2%	21.7%
Corporate Income Tax	5.3%	0%	6.5%	0%	4.8%	4.7%
Property Tax	0.2%	8.7%	1.7%	3.5%	0%	10.3%
Other Taxes	10.8%	11.4%	6.9%	16.2%	8.6%	18.9%

Source: Paul Warner, PhD., former Oregon Legislative Revenue Officer

State Taxes by Source

(Percent of state tax collections in fiscal year 2016–17)



Source: Paul Warner, PhD, former Oregon Legislative Revenue Officer

Measure 5 = \$4 Billion School Funding Gap

1. School operating revenues have not kept pace with growth in personal incomes or real market property values since Measure 5 was approved in 1990.
 - Real market values are up 6X since 1990
 - Personal income is up about 4X since 1990
 - School operating revenue (including ESDs) are up about 3X since the 1989-91 biennium
2. School operating revenues have dropped from 3.8% of personal income in 89-91 to about 2.8% in 17-19.
3. If revenue stayed at the same proportion of income in the absence of Measure 5 (and Measure 50), school operating revenue would be about \$16.3 billion for 17-19 instead of \$12.1 billion -- **a difference of \$4.2 billion for the biennium, or over \$2 billion per year.**

Source: Paul Warner, PhD., former Oregon Legislative Revenue Officer

Revenue Objectives and Possible Solutions

Revenue Reform Objectives

1. Diversify Oregon's revenue portfolio by adding a business activity mechanism
2. Improve state budget resiliency during recessions
3. Reduce Oregon's over reliance on personal income taxes
4. Targeted personal income tax relief for Oregon taxpayers
5. Increased investment in education through a dedicated revenue source

Key Criteria

1. Raises at least \$2 billion in investments dedicated to education
2. Administratively feasible
3. Helps stabilize state revenues during recessionary periods
4. Funded through a business tax that has been tested and used in other states
5. Win the support of key business leaders
6. Win the support of advocates
7. Win the support of the Legislature
8. Win the support of Oregonians

Potential Revenue Solutions

1. Simple Commercial Activities Tax (CAT) with very few exemptions from base (Ohio model)
2. Simple CAT with additional exemptions for certain essentials (groceries, fuel, utilities and some health care)
3. Tiered rate CAT with very few exemptions
4. Tiered rate CAT with additional exemptions for certain essentials
5. Washington style B&O Tax
6. Business Activity Tax or VAT (OBI Proposal)

Thank you