

State representatives provide overview of education funding legislation

By Jack Rubinger
The Southwest Portland Post

The Revenue Reform and Education Stability Act of 2017 is the result of months of compromise and collaboration between leaders in the Oregon House and Senate, with input from the business and labor communities.

An overview of the bill was provided by state representatives from the Southwest area at Wilson High School in June, including Margaret Doherty (D-35 Tigard), House Majority Leader Jennifer Williamson (D-36 Portland), Ann Lininger (D-38 Lake Oswego) and Mitch Greenlick D-33 Portland).

It was designed to raise \$850 million for schools and critical services in this budget cycle, scaling up to \$1.654 billion in 2023-25.

A minimum of 75 percent of these funds would be dedicated to education, from early learning through college.

According to Rep. Lininger, "The legislature has many obligations to meet, both moral and contractual, that are part of our state's ongoing budget costs.

"We need to reform our revenue system, make targeted spending cuts, and reduce the cost of delivering critical services," said Lininger.

"This balanced approach will stabilize the budget for the long-term and allows us to make strategic investments in education."



Rep. Mitch Greenlick



Rep. Margaret Doherty



Rep. Ann Lininger



Rep. Jennifer Williamson

In order to give businesses time to adjust to a new tax structure, this act would utilize the existing corporate income tax until 2019, when it would be replaced with a simpler, updated Commercial Activity Tax.

The Act applies a new Commercial Activity Tax of a fraction of one percent on business sales above \$3 million. Businesses with less than \$3 million in sales would pay just a flat \$250.

The Act would provide hundreds of millions of dollars in tax relief for low- and middle-income households.

The Act proposes to reduce costs in the following ways:

- By holding supply and service costs flat and rejecting inflationary increases and placing proposed new hiring decisions under close scrutiny.
- By eliminating health care redundancies and implementing and price controls.
- By focusing resources on the most

serious crimes and policies proven to reduce repeat offenders.

The goal is \$400 million in cost containment and \$250 million in targeted costs in 2017 - 2019.

State representatives believe now is the time to invest in education, to commit revenue generated through business tax reform to education.

Legislators are seeking to design a guarantee to ensure that commitment continues through long-term cost containment and more predictable business tax revenue to get citizens out of the boom and bust budgeting of the last 20 years.

Regarding the current budget shortfall, there are both short- and long-term factors which have been in play in Oregon.

Short term factors include Medicaid expansion and declining federal funds for healthcare (\$800+ million), 2016 voter-enacted ballot measures (\$357 million), and increased pension costs (\$354 million).

Long term factors include voter-approved property tax measures, Public Employee Retirement System costs, as well as an unstable and outdated revenue structure.

According the Oregon Department of Revenue, Oregon relies more on personal income taxes than any other state, meaning working Oregonians pay for essential services more than

anywhere else.

This creates difficult revenue instability during hard times. Meanwhile, Oregon has one of the lowest corporate tax burdens in the U.S.

Representatives said there are similar models in Washington and Ohio.

Rick Miller from Avamere is one business leader who supports the proposal.

According to Rep. Williamson, "This model hits the sweet spot and drives the economy. The idea is to spread the impact across more kinds of businesses," she said.

"This will stabilize swings in budget and deal with cycles that are unsustainable."

Rep. Greenlick said, "We encourage people to inform themselves and talk to business colleagues. Getting business onboard is an important issue. We really care about what business thinks."

Rep. Doherty said, "We're asking folks in the community to call their senators to get their support. We need a hard push to get to the 36th vote and then continue to apply pressure where the most pressure is needed."

Representatives encouraged people to sign up as a supporter at www.investineducationor.com and to talk to small business owners in the community.

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