



## **SB 533: Taxpayers should not subsidize banks making loans in a free market**

Senate Committee on Finance and Revenue | 1/25/2023 | Bennett Minton

Chair Meek and members of the committee:

I'm Bennett Minton, on behalf of Tax Fairness Oregon, a network of volunteers who advocate for a rational and equitable tax code.

SB 533 would create a subtraction from federal income for banks that earn interest on certain loans to farmers, fishermen and rural homeowners. We suppose the idea is to make it more profitable for banks to make loans to those living or engaged in certain kinds of business in certain small communities—through the tax code.

If the legislature wants to subsidize this subset of Oregonians, it might make more sense to support them directly, rather than give tax breaks to banks.

I'm not an economist, but I don't understand in what world it's appropriate, as representatives of the banks have said today, for taxpayers to make certain banks competitive, or to maintain loans on their own books, as opposed to going to the secondary market. (A home mortgage is as cookie-cutter as it gets. My home mortgage has been sold several times, and it makes zero difference to me.)

As for the banks: Like any other taxpayer, interest income is interest income. I certainly understand why the banks want tax-free income. But it is beyond me to comprehend why they should be so subsidized.

The bill should be dismissed with prejudice.