



Senate Finance & Revenue Committee

March 3, 2025

Testimony in Defense of Oregon's Corporate Activities Tax

Chair Meek, Vice-Chair McLane, and Members of the Committee,

My name is Daniel Hauser, Deputy Director for the Oregon Center for Public Policy, and I respectfully submit this testimony in defense of the Oregon Corporate Activities Tax on behalf of the Center. The Oregon Center for Public Policy is a nonpartisan think tank that uses research and analysis to improve the economic outcomes for all Oregonians, especially for those struggling to make ends meet.

Oregon's Corporate Activities Tax (CAT) funds crucial services for children and students all across our state, and we should be looking at ways to increase revenue from corporations, not cut it. However, the tax is still new and is ripe for improvements.

This second round of bills scheduled before the Senate Finance Committee does not appear to include a single proposal that balances the need for improving the CAT with the need to increase investments in early education, K-12 schools, and higher education in Oregon. That said, the seeds of such a plan may be found in the [-3 amendments to SB 140 from the 2023 session](#). That proposal offers a good starting off point for a work group that can deliver balanced reforms.

Ultimately, for it to work for the well-being of the vast majority of Oregonians, any compromise should:

- Increase funding for education: Revenue estimates must indicate more money is flowing to cradle-to-career education in Oregon. An outcome that leaves our students and children with fewer resources is unacceptable.
- Limit industry tax breaks: We must avoid exempting a bunch of industries from the CAT, or we'll end up reverting to the swiss cheese nature of the corporate income and excise taxes. Narrowly targeted tax expenditures could be considered only when the case is clear and compelling.



- Support truly small businesses: Providing a targeted tax credit, such as the concept floated in the -3 amendments to SB 140 (2023), would omit many small businesses from having to pay the CAT while avoiding any additional tax breaks for very large businesses. This provision should be paid for by increasing the tax rate on larger businesses selling in Oregon.

The proposals scheduled for discussion in the Senate Finance Committee are not ready for action, and the mechanisms at play are complex. This is the perfect circumstance to call on a work group of advocates and experts to negotiate a balanced solution that ensures Oregon's students and children end up better off, rather than seeing the quality of their education weakened.

The Oregon Center for Public Policy stands ready to join in this effort and bring our research and analysis to the table.

