

## Human Services Coalition of Oregon (HSCO)

### John Mullin Co-Chair

*For Presentation to July 10<sup>th</sup> Meeting of the Revenue Restructuring Task Force  
(RRTF)*

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The Human Services Coalition of Oregon (HSCO) is a statewide group of more than 80 organizations and individuals whose mission is to “promote the dignity of all Oregonians through improved public policy and strengthened support for human services.” We have been working to improve health and welfare services to Oregon residents for over 20 years.

While the Coalition does not prioritize services or populations, we do point out the gaps in service, comment on broad policy matters, and take positions on key issues affecting low income Oregonians. To that end, HSCO has supported actions to increase tax and revenue adequacy, fairness and stability.

HSCO appreciates the efforts of the Task Force to address the many serious problems with and challenges to Oregon’s current tax and revenue system. HSCO’s position is that we must have adequate revenue in good times and in bad if we are to succeed in ensuring the quality of life for Oregonians, particularly those who are struggling. Therefore, we urge your Task Force to be bold in proposing future directions for Oregon.

### **HSCO Tax and Revenue Principles**

In the 1990s, HSCO adopted the following principles to evaluate tax and revenue measures:

- **Adequacy** – The tax and revenue structure should provide for the adequate funding of high quality services to meet the needs of Oregonians. The Oregon Constitution places responsibility for providing sufficient revenue with the Legislative Assembly. (*Article IX, Sections 2 & 6*)
- **Fairness** – Oregon’s overall tax system should be based on fairness. By this we mean that our tax system should be progressive, based on ability to pay. Secondly, HSCO is concerned about who pays. Corporations (businesses) should pay their fair share of taxes.
- **Stability** – The tax system should be able to accommodate variations in revenue so that it is not necessary to make deep cuts in essential public services.

These principles are consistent with the language of HB 2530 which states in part that:

*“Oregon needs a revenue system that is stable, predictable and adequate” ... and provides ... “financial support for critical services, including education, human services, public safety and the judiciary...” It also states that ... “Oregonians deserve a tax structure that is shared equitably by all for the benefit of all...”*

Over the years, HSCO has taken positions for tax and revenue measures which would increase revenue yet maintain or increase fairness. Our concern for revenue adequacy as we head into the 2009 session is driven by considering the probable future impacts of:

- November 2008 ballot measures which will result in added costs and could drastically reduce available revenue (mandatory sentencing measures = -\$140 to \$400 million; unlimited deduction for federal income tax = -\$1.2 billion+);
- The loss of \$230 million in Federal timber payments to rural counties. Many local human service programs, not to mention public safety services, have depended on this revenue.

Other important proposals that will be competing for funding during the upcoming session include those to:

- Restore safety net programs which have been cut such as General Assistance;
- Add to the progress made in key areas (such as improvements made to affordable housing programs in the 2007 and 2008 sessions);
- Increase tax fairness to low income families by increasing the State's Earned Income Tax Credit; and
- Implement recommendations of the Health Fund Board pursuant to SB 329;

All of these will address critical needs in Oregon, but action on any of them will be limited by our inadequate revenue base.

Given these considerations, HSCO urges the Task Force to reject the notion that its recommendations should be guided by the principle of "revenue neutrality." Adopting this principle would mean accepting the status quo of "service inadequacy." The fact is that some of Oregon's most critical safety net services have been cut over the past few years, including but certainly not limited to:

- Dramatically cutting the number of persons served by the Oregon Health Plan;
- Eliminating home and community based care services for 3,600 elderly and disabled persons; and
- Eliminating funding for the General Assistance and the Medically Needy programs.

Oregonians cannot be satisfied with, let alone proud of, a system which denies needed services to our poorest and most vulnerable citizens. Therefore, your Task Force should give high priority to identifying and recommending revenue options which offer an opportunity to correct an unsatisfactory status quo and that, in the words of HB 2530 provide .... "financial support for critical services..."

Thank you for the opportunity to share our concerns with you. HSCO appreciates your thoughtful efforts to date and will continue to engage with you as you complete your task.