



## *Rep. Greg Barreto's Newsletter*

### Gross Receipt Tax Passed in the House

May 24, 2019



***Dear Friends,***

The last few weeks have been interesting in the Capitol. May 1st, [HB 3427](#), the \$2.8 billion gross receipts tax was passed on the house floor on a strictly partisan vote. This was a bill that was carefully crafted over the last couple of years. It consisted of a gross receipts tax on businesses on sales of over a million dollars. Of those sales over a million dollars, the businesses are able to write off 35% of either their labor costs or cost of goods incurred in those sales. Sales out of state will not be taxed under this bill. This model is designed to bring into the state around \$2.8 billion in revenue, but in essence, it is simply a hidden sales tax on the end user without the line item on the

bottom of the receipt that tells how much the tax is actually costing the consumer. Around \$800 million of that \$2.8 billion would then be given back to individual taxpayers by a reduction of .25% in their respective income tax brackets, except for those individuals in the 9.9% highest income tax bracket. This would leave around \$2 billion going to the general fund with a portion of that to be spent on education.

After this bill passed the House, it was quickly sent to the Senate and scheduled to be heard on Tuesday, May 7<sup>th</sup>. At that point the Senate Republicans decided to leave town and not to give quorum on the senate floor to prevent the working and passing of the bill. A week later Senate Republicans negotiated killing the [HB 3063](#) vaccine bill and the [SB 978](#) gun bill. The Senate Republicans returned on Monday the 13<sup>th</sup> and went directly to the floor to pass the \$2.8 billion gross receipts tax bill on another partisan vote.

This tax will be passed on by businesses to the general public in the way of increased costs of products that are sold inside the state. The simple fact is that taxes like this will always be passed through to the end user. The exception to that rule is the ag industry that sells their commodity product at a fixed market rate, but their cost of producing their products will increase. The other aspect of a gross receipts tax is pyramiding or stacking where tax is applied at every level of exchange in the process of producing a product. The tax stacks up at every sale. So, a product may be taxed several times before it makes it to the end user. A very basic way of looking at this tax is that there will be over \$2 billion dollars raised in a state of 4.2 million people. That is around \$500.00 per person every two years in increased costs or \$2000 for a family of four. Another aspect of deal making on bills is that the bad bills, the gun and vaccine bill, that were just killed, will only resurface again in the next session. They never go away, they just lie dormant until they are brought back to life in future legislative sessions. The only way to stop this process is to change the imbalance of power.

In addition to the gross receipts tax, [HB 2020](#) a cap and trade bill, which will raise the cost of living, do nothing to curb climate change, make it more burdensome to do business, will also more than likely get passed. There will also be 12 weeks paid family leave which will cost businesses .004% on payroll and cost the employee's an additional .006% on their own payroll. This is in addition to the 1% that employees are charged for the transportation package that went into effect last summer. So, when a worker looks at the percentage of income tax they pay, they need to add these extra costs to the tax bracket they are already in. It all adds up.

On top of this, and perhaps this is why the gross receipts tax was passed so quickly, the [revenue report](#) came out last week and showed that Oregon's revenue over the next two years was looking to increase by \$2.4 billion dollars because of the Trump economy and how it's affected Oregon, a high income

tax state. So, the gross receipts tax is set to bring \$2 billion into the general fund, the state's revenue is projected to grow by another \$2.4 billion dollars, and the people's kicker, excess tax dollars that are required to be returned to workers, grew to \$1.4 billion dollars. The day after the revenue report came out, a bill was introduced to allow the state to keep half of the kicker so that Oregon taxpayers would only receive back half of what they were entitled to. As if a \$4.4 billion increase wasn't enough!

Looking forward to getting back home next week, even if its only for the weekend. We have another month before the end of the 2019 session. We have a great Republican House caucus and enjoy serving with such great folks. I have thoroughly enjoyed being a part of it and love the energy and enthusiasm of this year's freshman class, those who will be future caucus leaders. The only thing we need are greater numbers so that we can have a greater influence on the outcome of policy decisions that shape the future of Oregon.



State Representative for Oregon House District 58

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### ***Wallowa & Union County Legislative Update Schedule Set for 2019 Session***

Senator Bill Hansell (District 29) and Representative Greg Barreto (District 58) have partnered with the Wallowa Co. Chamber of Commerce, Union Co. Farm Bureau and OSU Extension Service to provide local constituents with updates during the 2019 legislative session via live video-conference connection to the Oregon State Capitol. The video conference series provides a timely opportunity to interact with our elected officials regarding proposed legislation of interest to you.

Interested parties may participate in the sessions by attending in person either at the OSU Extension Service office in Wallowa County (668 NW 1st, Enterprise, OR, 97828) or at the OSU Extension Service office in Union County (10507 N McAllister Rd, La Grande, OR 97850). Each session starts at 7:00 a.m. and ends at 7:45 – 8:00 a.m. on the following dates:

May 28  
June 11  
June 25

Please contact Debi Warnock (541-426-3143) in Wallowa County or Darrin Walenta (541-

963-1010) in Union County with questions regarding the video conferences or with requests for additional information.

## **BMCC Legislative Video Conferences**

The first and third Wednesday of each month from February through June, Sen. Bill Hansell (R-Athena) and Rep. Greg Barreto (R-Cove) will appear via video from Salem, where they're in the middle of a Legislative session. The meetings will be open to all, and participants can ask questions or air concerns, and discuss proposed bills with the legislators.

The series of video conferences are held in the Boardroom in Pioneer Hall from 7-7:45am and are hosted by BMCC and the Pendleton Chamber of Commerce.

June 5  
June 19

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### **Representative Barreto's Committee Assignments for the 2019 Session**

Natural Resources Committee  
Business and Labor Committee  
Economic Development Committee

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#### **Helpful Links-**

[OLIS](#)

#### **Oregon Legislative Information System**

OLIS is a new, web-based system that the Legislature uses to make information more accessible.

[Representative Greg Barreto Oregon State Legislature web site](#)

[Oregon State Legislature web site](#)

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## **Contacting the Salem Office**

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