

# October 17<sup>th</sup> Meeting of the Universal Health Plan Governance Board



# Welcome Remarks – Chair Bellanca

- Tech Check
- Roll Call and Introductions
- Written Public Comment Review
- Agenda Review

# Agenda

- Welcome, Roll Call, Agenda Review
- Approve Minutes
- Public Comment (if needed)
- Executive Director's Report
- Board Vice-Chair Election
- Appoint Committee Chair and Board Member for Finance & Revenue
- Public Meetings Law Update
- Review Draft Status Report to the Legislature
- Oregon Revenue 101 presentation
- Discussion: Revenue Considerations for the Universal Health Plan
- Review and Discuss: Board Decision-Making Process
- Board Outreach: Meeting Take-aways and Outreach
- Public Comment
- Adjourn

# **Approve September Board Meeting**

## **Minutes**

*- Chair Bellanca*

# Public Comment

# Executive Director's Report

*- Director Cowling*

# Board Vice-Chair Elections

- *Chair Bellanca*

# Vice-Chair Roles and Responsibilities

**Term:** Vice-Chair will serve in the position for the remaining duration of the member's current term of office.

## **Responsibilities:**

- Preside over any board meeting at which the chairperson is not present, or when the chairperson asks the vice-chair to preside
- Step in if there is a vacancy in the chairperson
- Joint responsibilities with the chairperson including working with the executive director and board staff to develop board agendas and ensuring compliance with the board's policies and procedures
- Provide leadership for the board, jointly with the chairperson
- Encouraging full participation by board members
- Work with the chairperson and the executive director and other board staff in preparing status reports to the legislature



# Vice-Chair Motion

The board elects \_\_\_\_\_ to be  
Vice-Chair of the Universal Health Plan  
Governance Board until their term expires.

# Finance and Revenue Committee Chair and Board Member Appointment

*- Chair Bellanca*

# Finance and Revenue Committee Motions

1. The board appoints Cherryl Ramirez to be Chair of the Finance and Revenue Committee of the Universal Health Plan Governance Board until their term expires.
2. The board appoints \_\_\_\_\_ to serve on the Finance and Revenue Committee of the Universal Health Plan Governance Board as the second board member.

# Public Meeting Law Update

*- Jenny Donovan*

# **Review Draft Status Report to the Interim Committees on Health**

*- Jenny Donovan*

# Break

We will reconvene at 10:30 am

There is a “grab ‘n go” café located on the basement level

# Oregon Revenue 101

- *Chris Allanach, Legislative Revenue Office*

# Overview of Oregon's Revenue System

Universal Health Plan Governance Board

October 17, 2024

State of Oregon

---

LEGISLATIVE REVENUE OFFICE







# Presentation Outline

- Provide some contextual background on Oregon's public finance system
  - Tax/Revenue System
  - Income Tax Details
  - Revenue Volatility (Kicker)





- ▶ Tax system goals in ORS 316.003
  - ▶ Not regressive
- ▶ Adequacy
  - ▶ Finance public goods & services
- ▶ Equity
  - ▶ Ability to Pay
  - ▶ Benefits Received
- ▶ Distributional Impacts
- ▶ Administrative Efficiency

# Tax Revenue Policy Fundamentals



gg63263181 www.gograph.com



# Oregon Economy Basics

2023

Source: BEA, OEA

- Personal Income: \$277 Billion
- Gross State Product: \$319 Billion
- Employment: 1,986,235
  - Private Nonfarm: 1,679,653
  - Government: 306,583
    - Federal: 28,460
    - State: 45,845
    - Local: 232,278
- Oregon is about...
  - 1% of the U.S.
  - 10% of California
  - 50% of Washington



# State Revenue

General purpose revenue  
Dedicated revenue

(not local governments)

State of Oregon

LEGISLATIVE REVENUE OFFICE





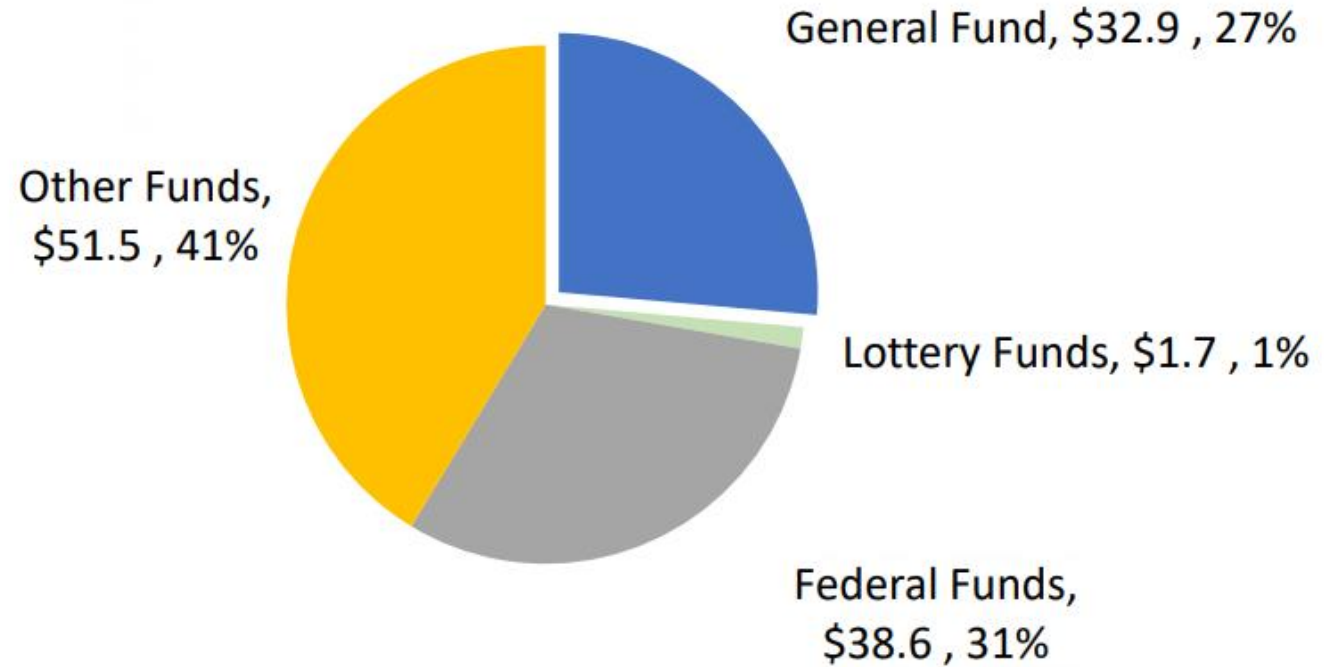
## 2023-25 Legislatively Approved Budget

- By Fund Source

Source: Legislative Fiscal Office, 2023-25 Budget Highlights Update

May 2024

# Total Funds Appropriations (\$124.6 Billion)

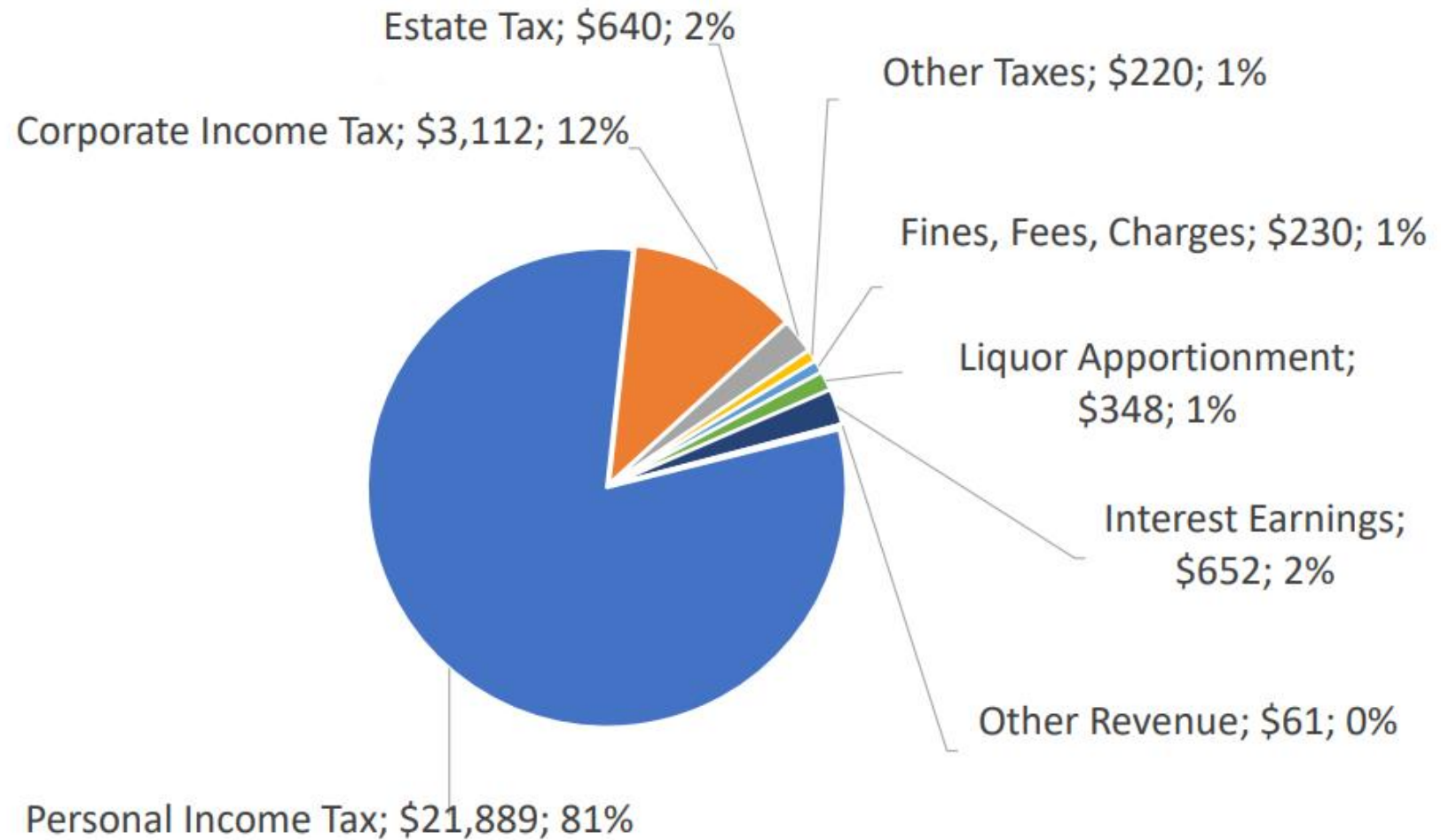




# 2023-25 General Fund Revenue \$27,151M

- By Source

Source:  
September 2024 forecast, OEA



Use only 4 categories: other taxes, other revenue

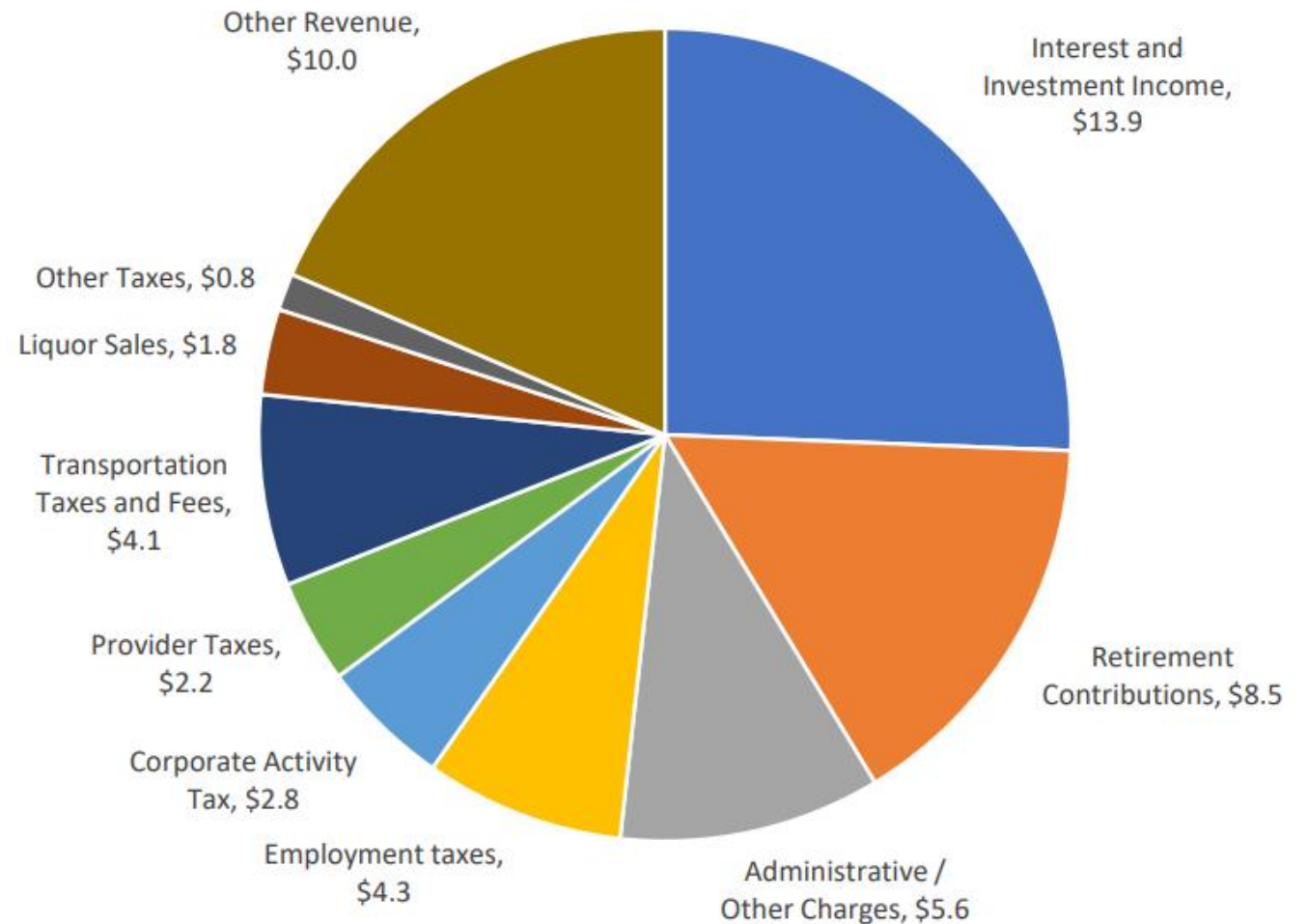


# 2023-25 Other Funds

- \$54.1 Billion

- By Revenue Source

Source:  
OEA, September 2024



Use only 4 categories: other taxes, other revenue

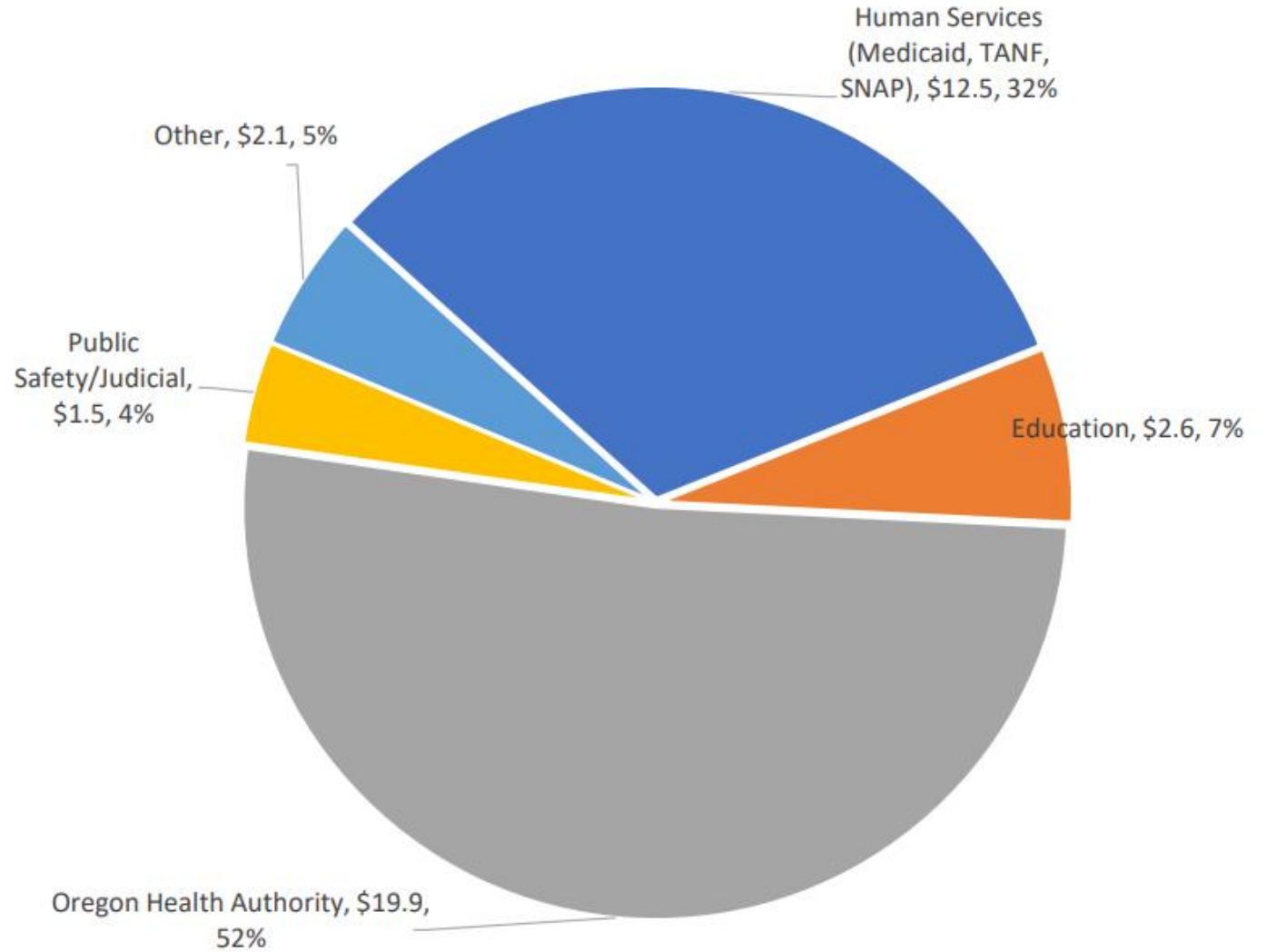


## 2023-25 Federal Funds

- \$38.6 Billion

- By Spending Category

Source:  
LFO, 2019-21 Budget Highlights



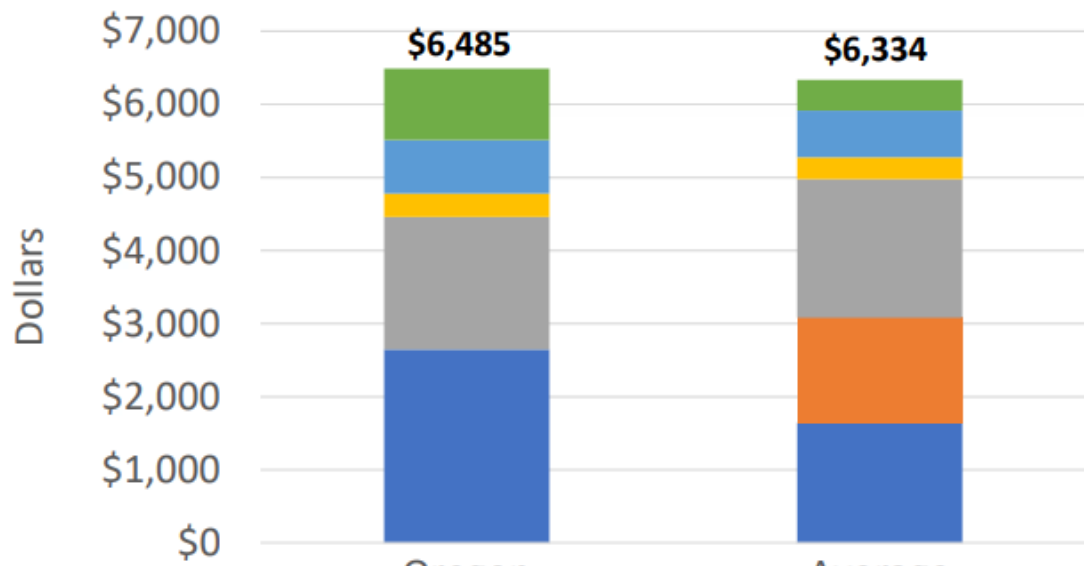




# State and Local Tax Comparisons

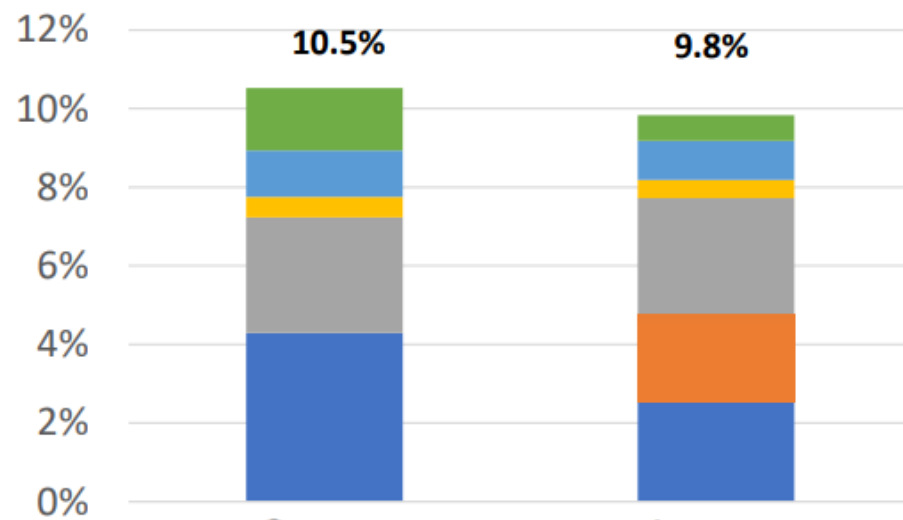
2021 Census of State and Local Government Finances

**Per Capita**



|           |         |         |
|-----------|---------|---------|
| Other     | \$977   | \$420   |
| Sel Sales | \$732   | \$641   |
| Corporate | \$319   | \$297   |
| Property  | \$1,813 | \$1,898 |
| Gen Sales | \$0     | \$1,437 |
| Income    | \$2,645 | \$1,642 |

**% of Income**

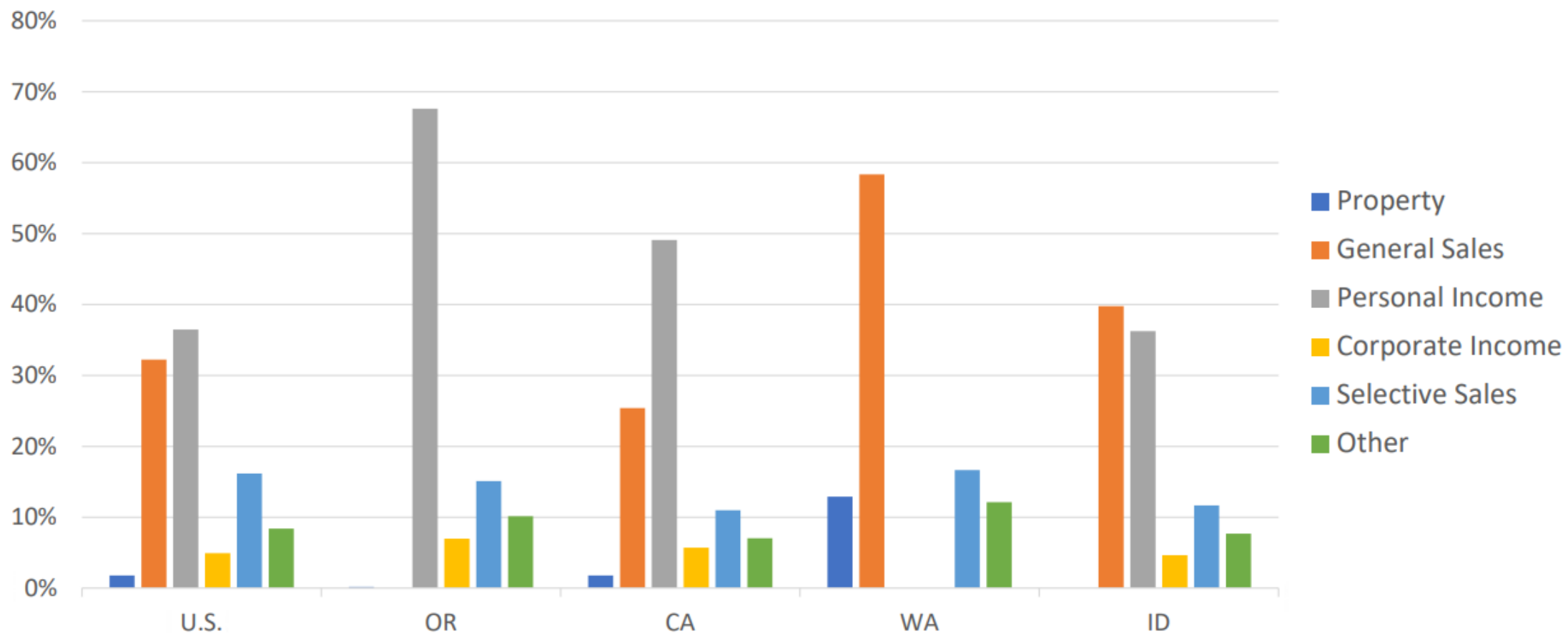


|           |      |      |
|-----------|------|------|
| Other     | 1.6% | 0.7% |
| Sel Sales | 1.2% | 1.0% |
| Corporate | 0.5% | 0.5% |
| Property  | 2.9% | 2.9% |
| Gen Sales | 0.0% | 2.2% |
| Income    | 4.3% | 2.5% |



# State (only) Taxes By Source

## 2021 Census of State and Local Government Finances





# Tax System Details

2021 CENSUS DATA

State of Oregon

LEGISLATIVE REVENUE OFFICE





# 2023-25 Taxes

| Tax                         | Type                  | FY24 (\$M) | FY25 (\$M) |
|-----------------------------|-----------------------|------------|------------|
| Personal Income Taxes       | General Fund          | \$9,150    | \$12,740   |
| Employment Taxes            | Other Funds           | \$1,790    | \$2,501    |
| Transportation Taxes        | Other Funds           | \$2,046    | \$2,065    |
| Provider Taxes              | Other Funds           | \$1,246    | \$985      |
| Corporate Income Taxes      | General Fund          | \$1,622    | \$1,490    |
| CAT                         | Other Funds           | \$1,339    | \$1,344    |
| Estate Taxes                | General Fund          | \$339      | \$301      |
| Cigarette and Tobacco Taxes | General & Other Funds | \$298      | \$303      |
| Marijuana                   | Other Funds           | \$154      | \$158      |
| Insurance Taxes             | General & Other Funds | \$85       | \$99       |
| Total                       |                       | \$18,069   | \$21,986   |



# 2023-25 Taxes

## Plus Proposed Health Care Task Force Taxes

| Tax                          | Type                  | FY24 (\$M)      | FY25 (\$M)      |
|------------------------------|-----------------------|-----------------|-----------------|
| Health Insurance Payroll Tax | Health Insurance      | \$10,900        | \$11,600        |
| Health Insurance Income Tax  | Health Insurance      | \$6,700         | \$7,200         |
| Personal Income Taxes        | General Fund          | \$9,150         | \$12,740        |
| Employment Taxes             | Other Funds           | \$1,790         | \$2,501         |
| Transportation Taxes         | Other Funds           | \$2,046         | \$2,065         |
| Provider Taxes               | Other Funds           | \$1,246         | \$985           |
| Corporate Income Taxes       | General Fund          | \$1,622         | \$1,490         |
| CAT                          | Other Funds           | \$1,339         | \$1,344         |
| Estate Taxes                 | General Fund          | \$339           | \$301           |
| Cigarette and Tobacco Taxes  | General & Other Funds | \$298           | \$303           |
| Marijuana                    | Other Funds           | \$154           | \$158           |
| Insurance Taxes              | General & Other Funds | \$85            | \$99            |
| <b>Total</b>                 |                       | <b>\$35,669</b> | <b>\$40,786</b> |



# Personal Income Tax Rates

Joint Filers, 2024

| Federal Base Rates     |          |
|------------------------|----------|
| Taxable Income         | Tax Rate |
| Not over \$23,200      | 10.0%    |
| \$23,200 to \$94,300   | 12.0%    |
| \$94,300 to \$201,050  | 22.0%    |
| \$201,050 to \$383,900 | 24.0%    |
| \$383,900 to \$487,450 | 32.0%    |
| \$487,450 to \$731,200 | 35.0%    |
| Over \$731,200         | 37.0%    |

| Personal Income Tax Rates |          |
|---------------------------|----------|
| Taxable Income            | Tax Rate |
| Not over \$8,100          | 4.75%    |
| \$8,100 to \$20,400       | 6.75%    |
| \$20,400 to \$250,000     | 8.75%    |
| Over \$250,000            | 9.90%    |

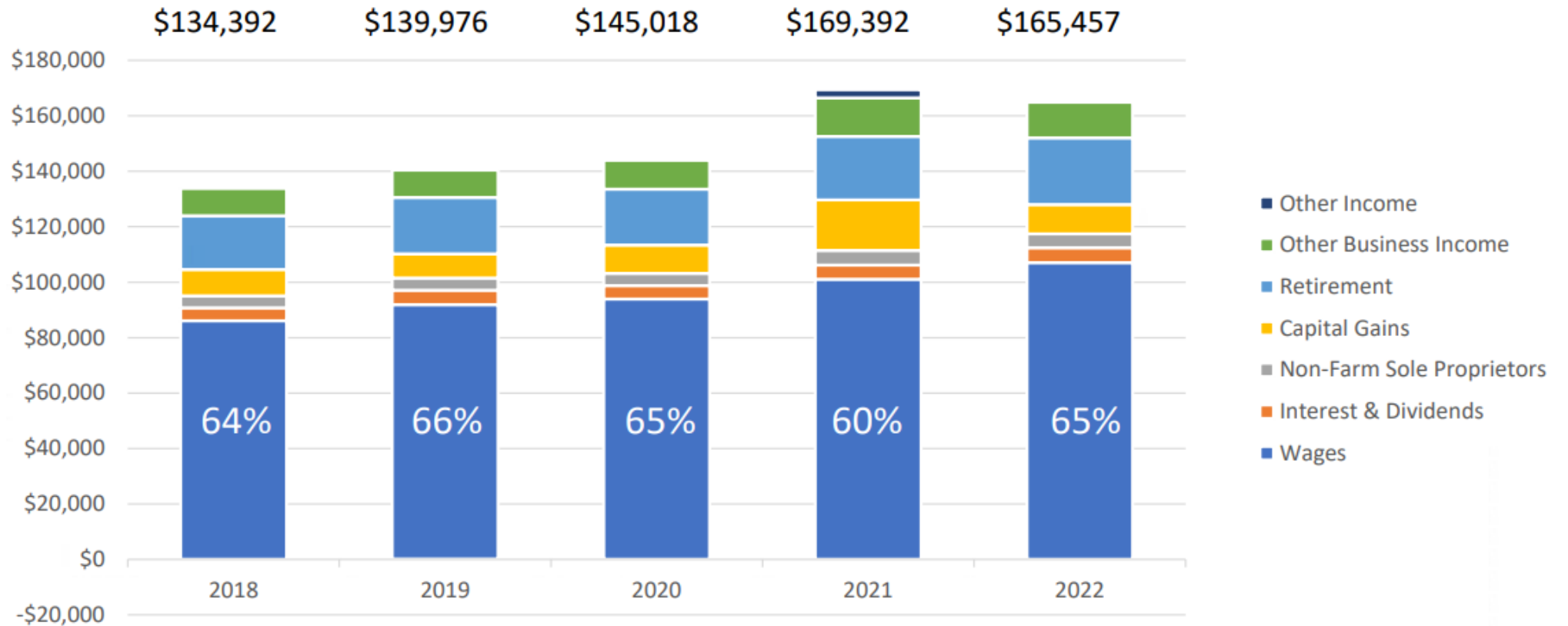
| Health Care Income Tax |          |
|------------------------|----------|
| Federal Poverty Level  | Tax Rate |
| $\leq 200\%$           | 0.00%    |
| 200% - 250%            | 1.00%    |
| 250% - 300%            | 1.75%    |
| 300% - 400%            | 2.50%    |
| $> 400\%$              | 8.20%    |

| Payroll Tax      |          |
|------------------|----------|
| Wages            | Tax Rate |
| $\leq \$160,000$ | 7.25%    |
| $> \$160,000$    | 10.50%   |





# Personal Income Tax (Gross Income)



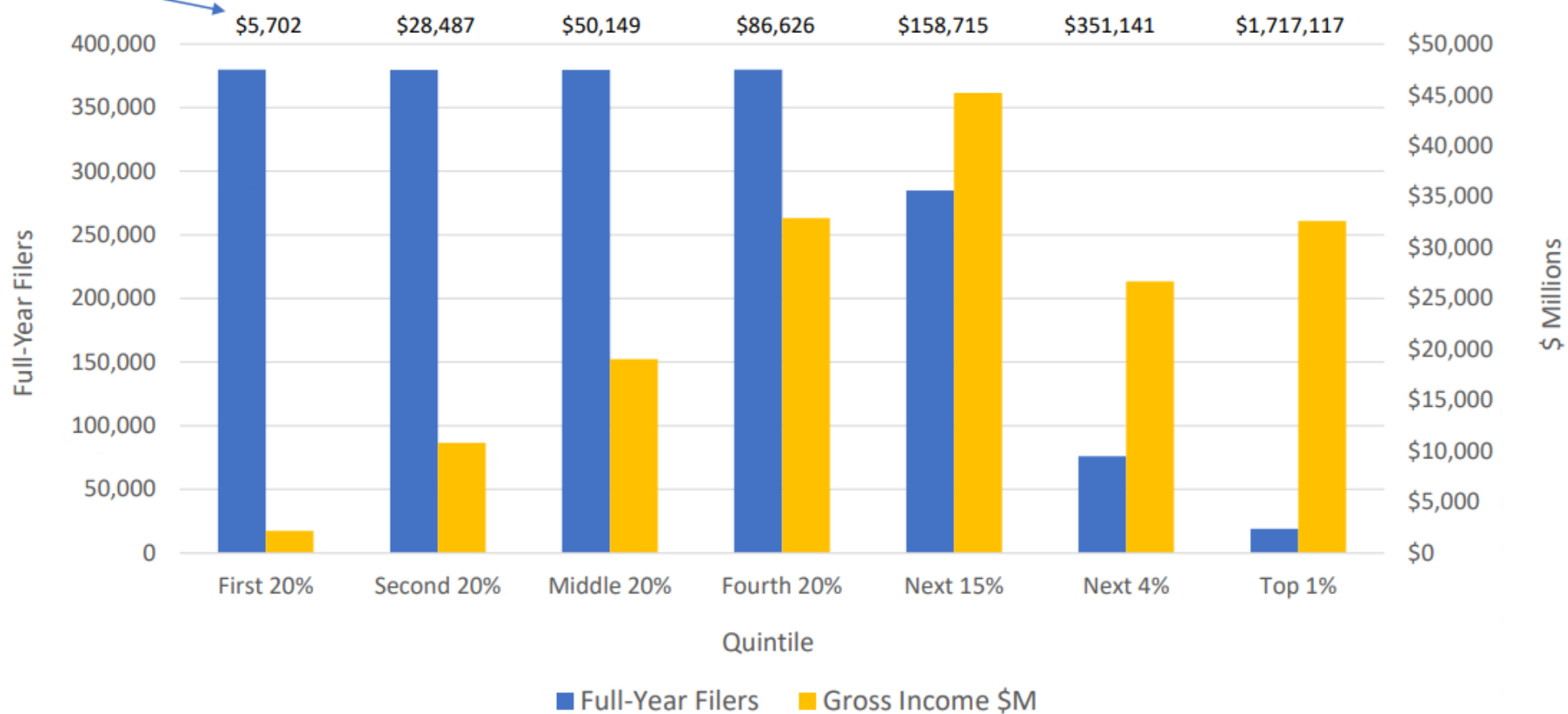
Data Source: Department of Revenue



# Personal Income Tax, 2021

1,898,663 Full-Year Filers  
\$169,392M of Gross Income

Average Income



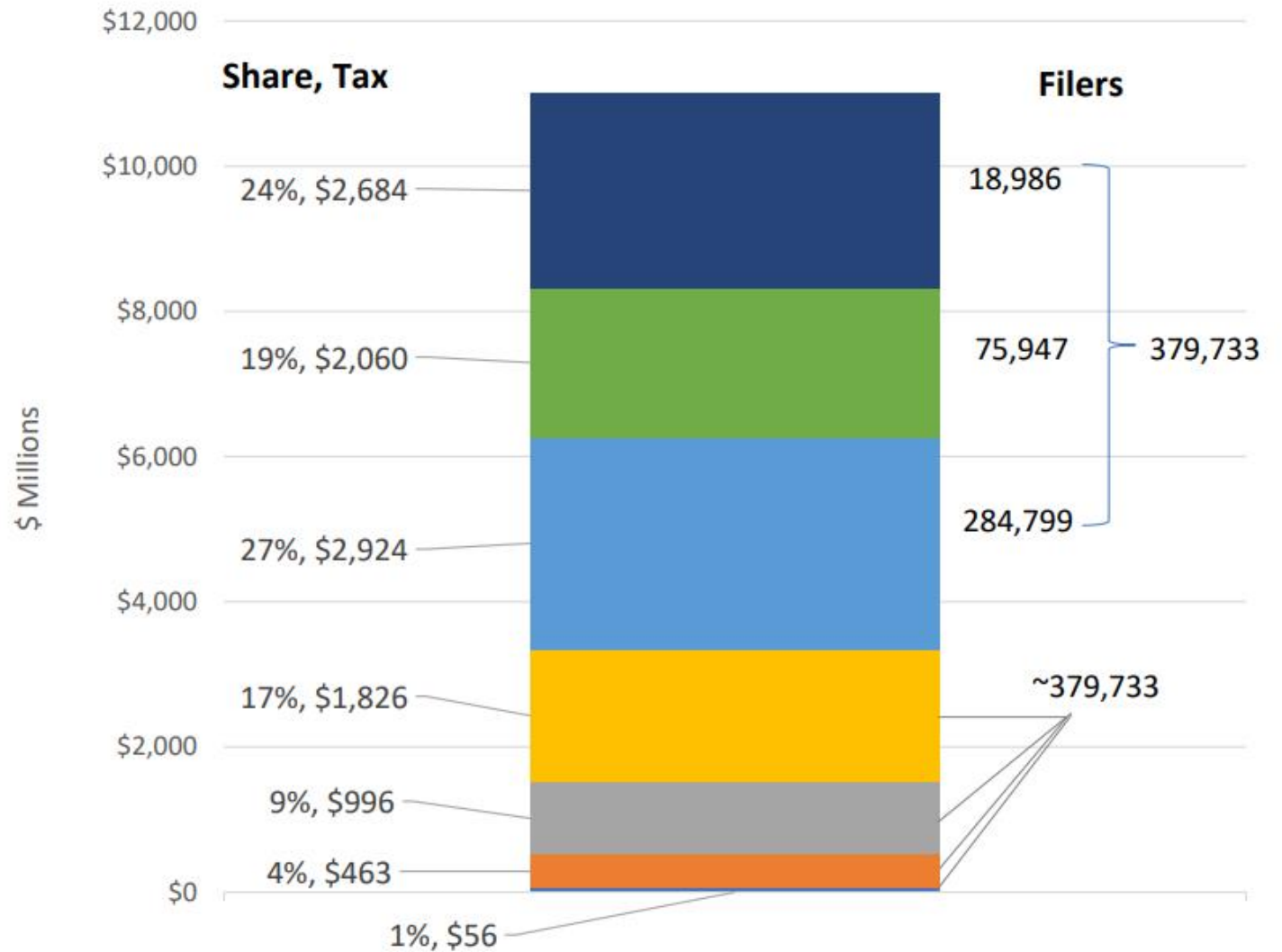




# Personal Income Tax

Full-year filers, 2021  
\$11,009M

|            |                     |
|------------|---------------------|
| Top 1%     | over \$587,500      |
| Next 4%    | \$242,000-\$587,500 |
| Next 15%   | \$113,100-\$242,200 |
| Fourth 20% | \$64,200-\$113,100  |
| Middle 20% | \$37,600-\$64,200   |
| Second 20% | \$18,700-\$37,600   |
| First 20%  | under \$18,700      |

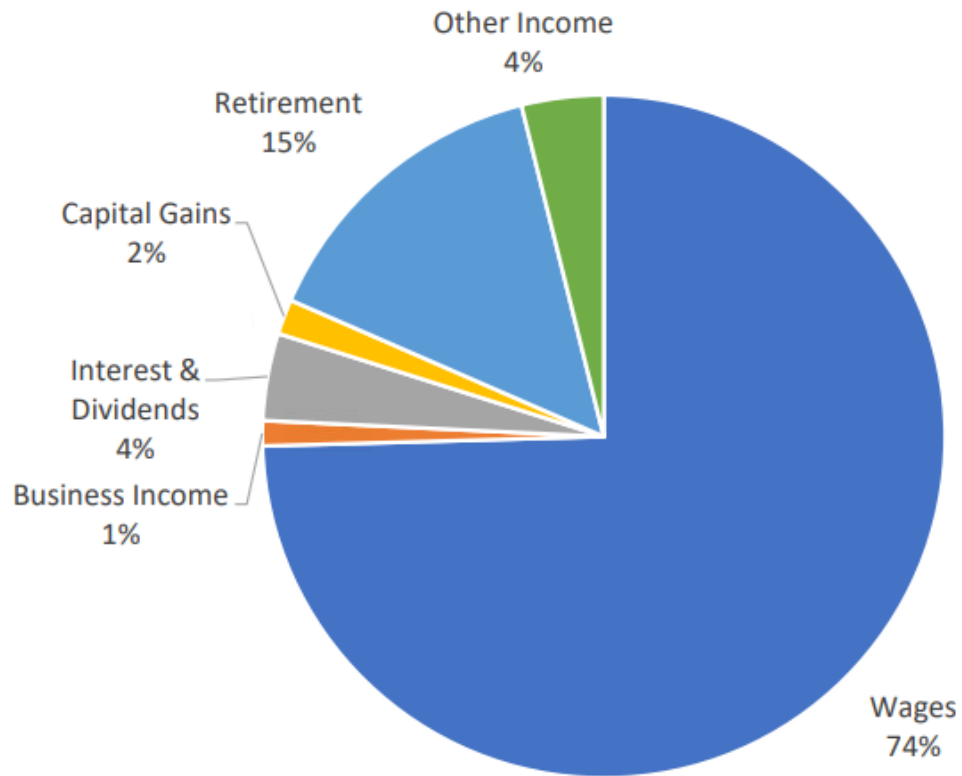




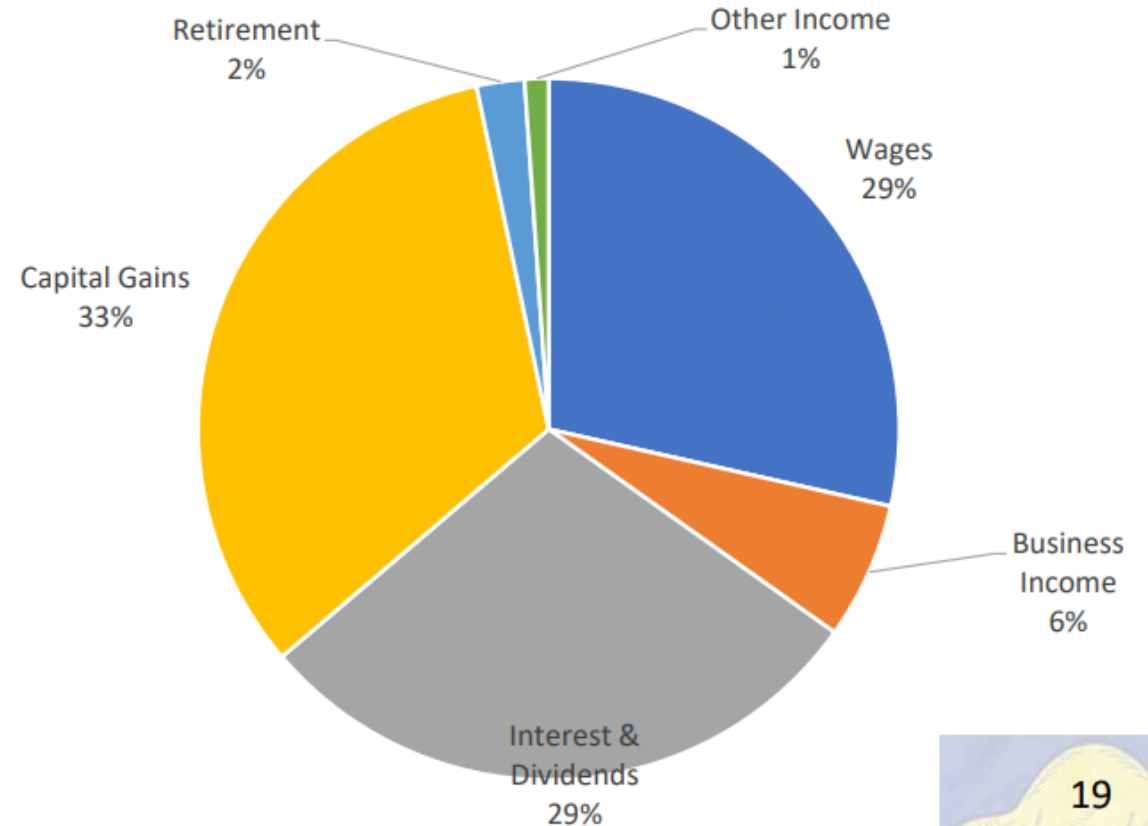
# Personal Income Tax, 2021

## Income Components by Income Level

### Middle 20%



### Top 1%



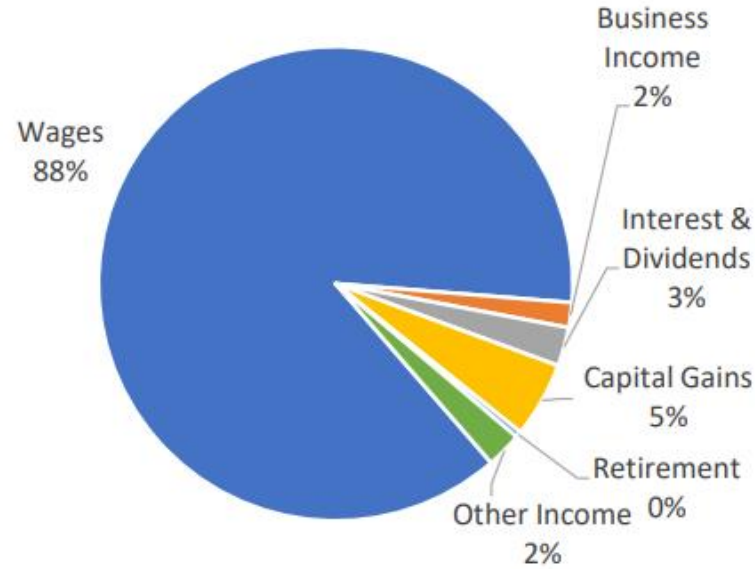


# Personal Income Tax

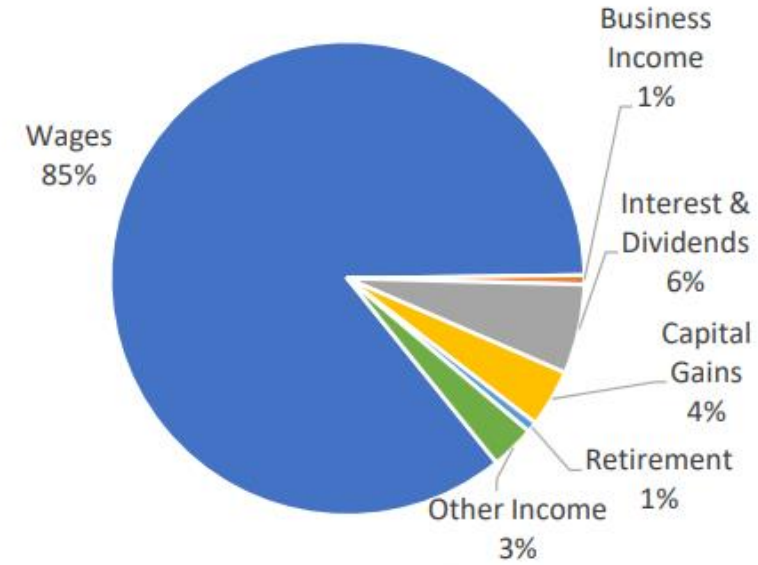
## Income Components by Age

Full-year filers, 2021  
\$11,009M

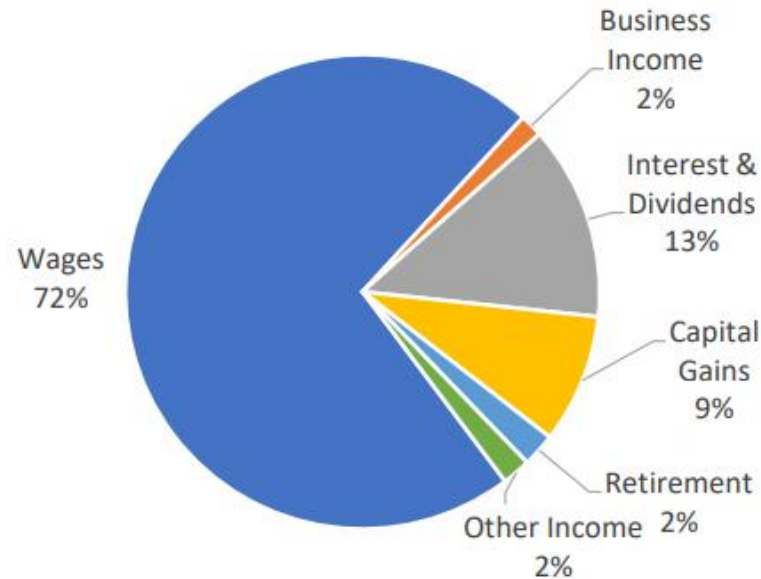
### < 19 (\$1B)



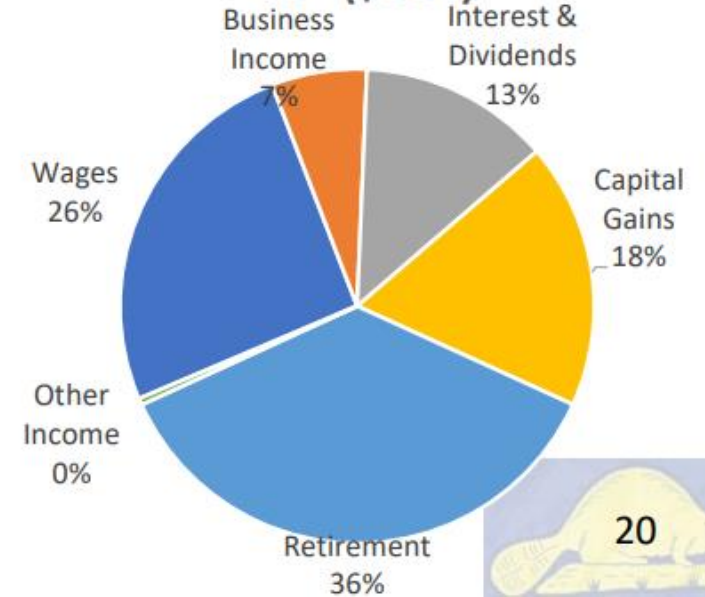
### 20-39 (\$42B)



### 40-59 (\$69B)



### 60+ (\$58B)





# Other Considerations

State of Oregon

---

LEGISLATIVE REVENUE OFFICE





# Health Related Tax Expenditures

2023-25

|                                    |          |
|------------------------------------|----------|
| • Employer Paid Medical Benefits   | \$1,770M |
| • Self-Employment Health Insurance | \$89M    |
| • Health Savings Accounts          | \$111M   |
| • Medical and Dental Expenses      | \$283M   |
| • Medical Subtraction for Elderly  | \$63M    |
| • Rural Medical Credit             | \$12M    |

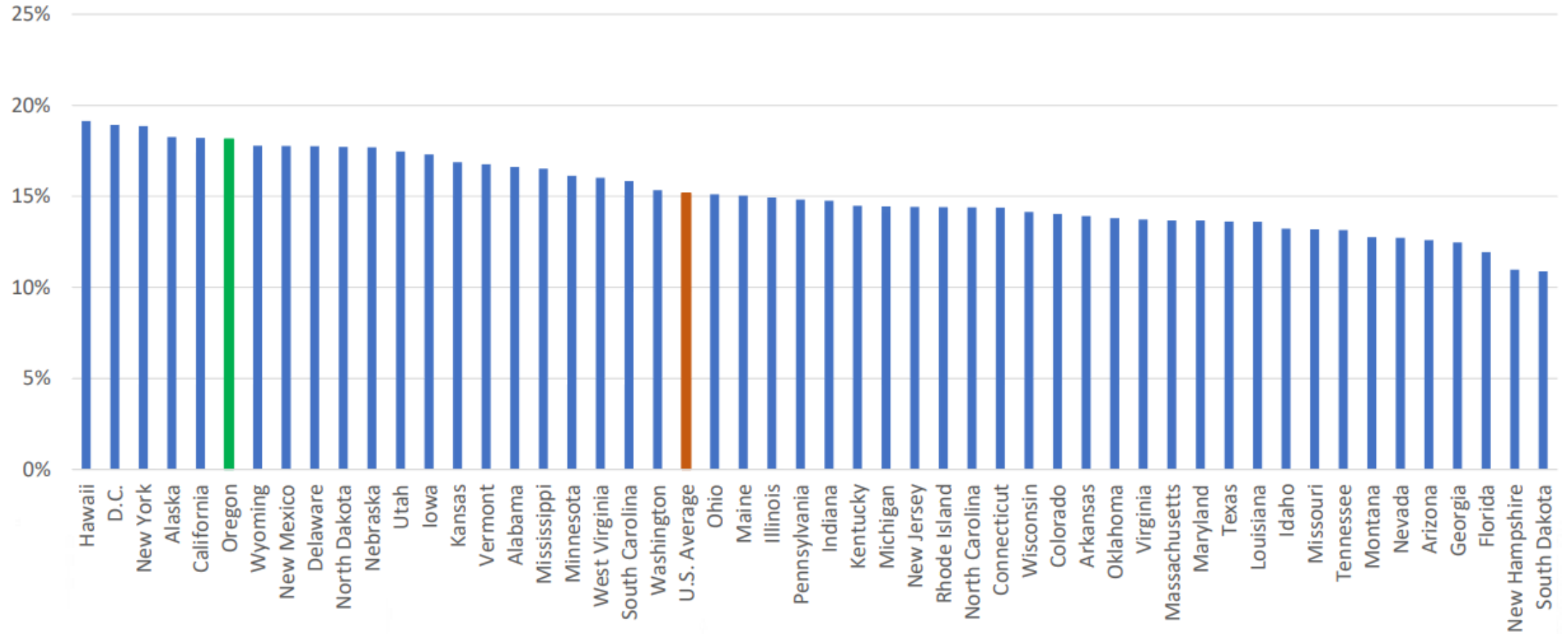


# New or Increased Taxes (since 2020)

- **Corporate Activity Tax (CAT)**
  - \$250 + 0.57% of commercial activity
  - Effective 1.1.20
- **Paid Medical Leave (PML)**
  - 1% of payroll (40/60 split employer/employee)
  - Effective 1.1.22
- **Tobacco Taxes**
  - \$2 per pack of cigarettes
  - Inhalant delivery systems
  - \$0.50 per cigar
- **Telecommunications**
  - 911 increased to \$1.25 per line
  - 988 tax of \$0.40 per line
- **FY 2023-24 Collections**
  - CAT: \$1,344 Million
  - PML: \$841 Million
  - Tobacco: \$379 Million
    - M108 about \$150M/year
  - 911/988: \$87 Million
    - 988 collections for 3 months
    - Estimated \$25M/year



# State & Local Revenue as a Percent of Personal Income

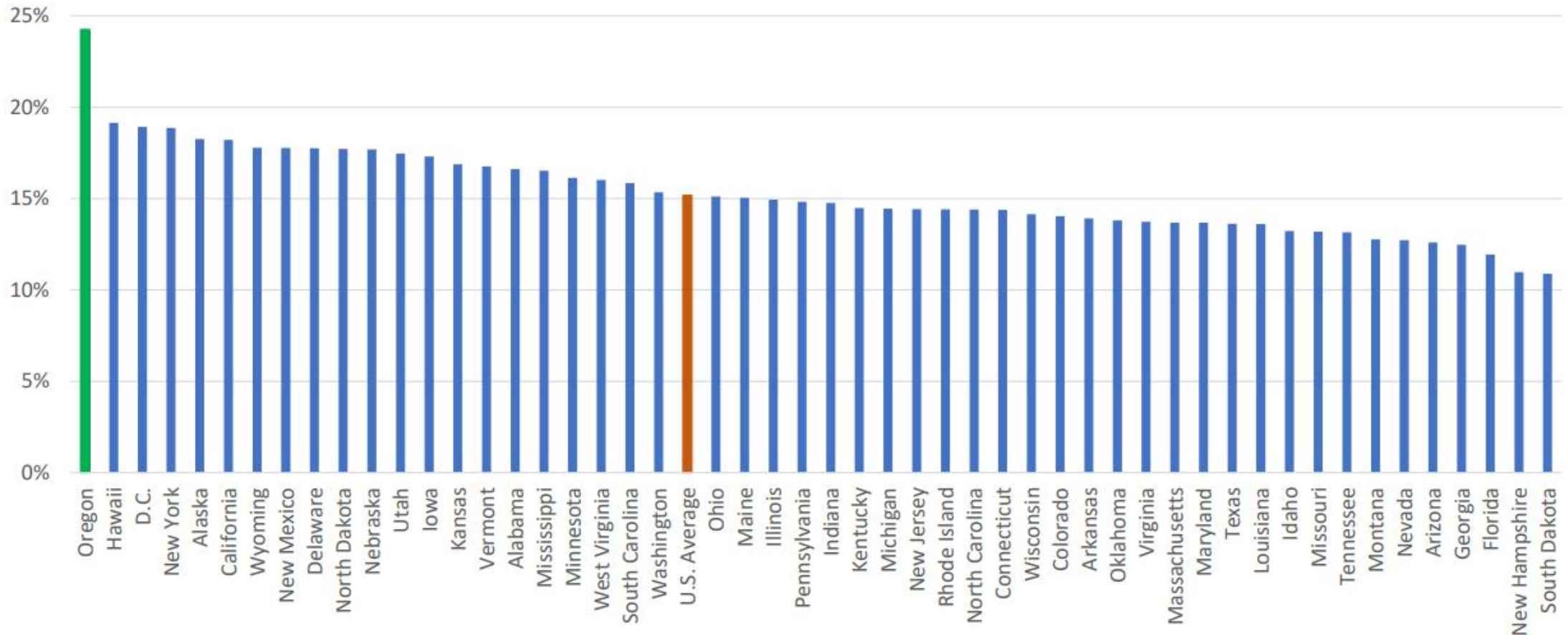


2021 Census data: own-source, utility, liquor, unemployment insurance, & workers' compensation





# State & Local Revenue as a Percent of Personal Income, plus Health Care Taxes



2021 Census data: own-source, utility, liquor, unemployment insurance, & workers' compensation  
Plus Health Care Task Force Income and Payroll Taxes







# Revenue Volatility and the Kicker

State of Oregon

LEGISLATIVE REVENUE OFFICE



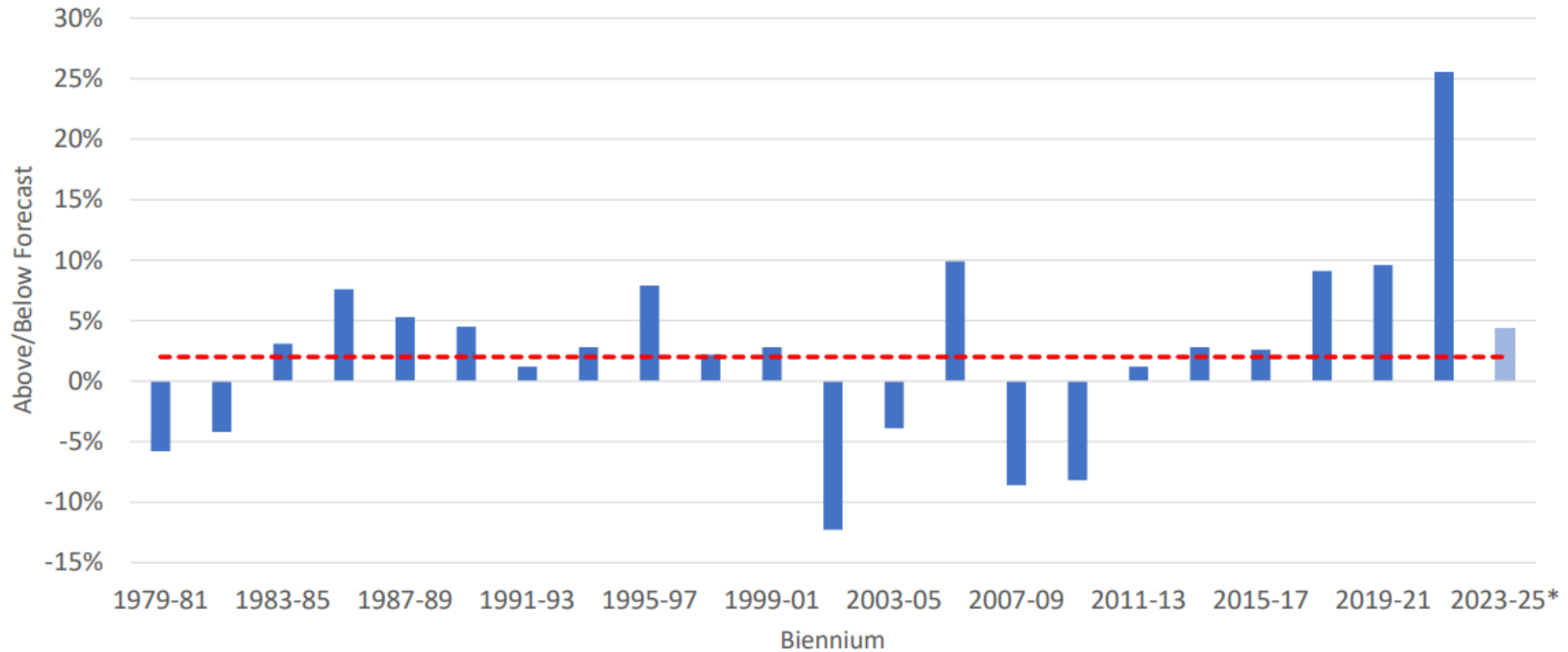


## The Kicker

- Based on all General Fund revenue except corporate—mostly personal income tax collections
- Comparison of regular session forecast with actual revenue
- If actual >2% above—all revenue above forecast returned to taxpayers as credit
- Personal kicker has been triggered 14 times (suspended once) in 22 biennia since 1979
- Personal kicker has triggered for a total of \$12.9 billion between 1979 and 2023—an average of 3.6% of General Fund revenue for that period
- The 2023-25 projected kickers
  - Personal - \$987M
  - Corporate - \$883M



# Kicker History and the 2% Threshold



# For More Information

- Legislative Revenue Office
- ~~900 Court St. NE, Room 160~~  
255 Capitol St. Ne, 5<sup>th</sup> Floor (PSB)
- Salem, OR 97301
- 503-986-1266
- <https://www.oregonlegislature.gov/lro>

State of Oregon

---

LEGISLATIVE REVENUE OFFICE



# Discussion: Revenue Considerations for the Universal Health Plan

- *Vice-Chair George*

# Joint Task Force Principles Guiding Revenue Design

- **Progressive** – tax rate increases as the taxpayer income (ability to pay) increase
- **Easy to understand** – Is the new revenue stream easy to understand by those having to pay it?
- **Stable** – A financing system that can weather economic and demographic changes. No source is stable; they all change over time based on economic activity or population changes. What can be done to increase overall stability?
- **Permanent** – As permanent as anything; not automatic sunset of a revenue stream
- **Predictable** - Can government officials fairly predict how much revenue will be generated?
- **Scalable & Adequate** – If universal health care implementation is over a period of time, are revenue sources scalable to full implementation needs?
- **ERISA Considerations** – We want to avoid being vulnerable to ERISA court challenges and may want automatic triggers on other revenue streams if there's an effective ERISA challenge.
- **Dedicated trust fund** – As opposed to pulling from the general fund, the Committee seeks a dedicated trust fund to support the Plan that is not subject to the state kicker.
- **Maximize Federal Dollars** – Consider opportunities to maximize federal match dollars before turning to new revenue streams.

# Possible Additional Principles

- Revenue plan should be likely to pass statewide vote
- No incentive for net movement of any group into or out of the state
- BBLR – Broad Base Low Rate is better than dependance on high rate on narrow group
- Comparison of funding effect must include all sources of revenue
- Revenue plan must consider all costs of operations, start up, and transition including bond sales

# Discussion Questions

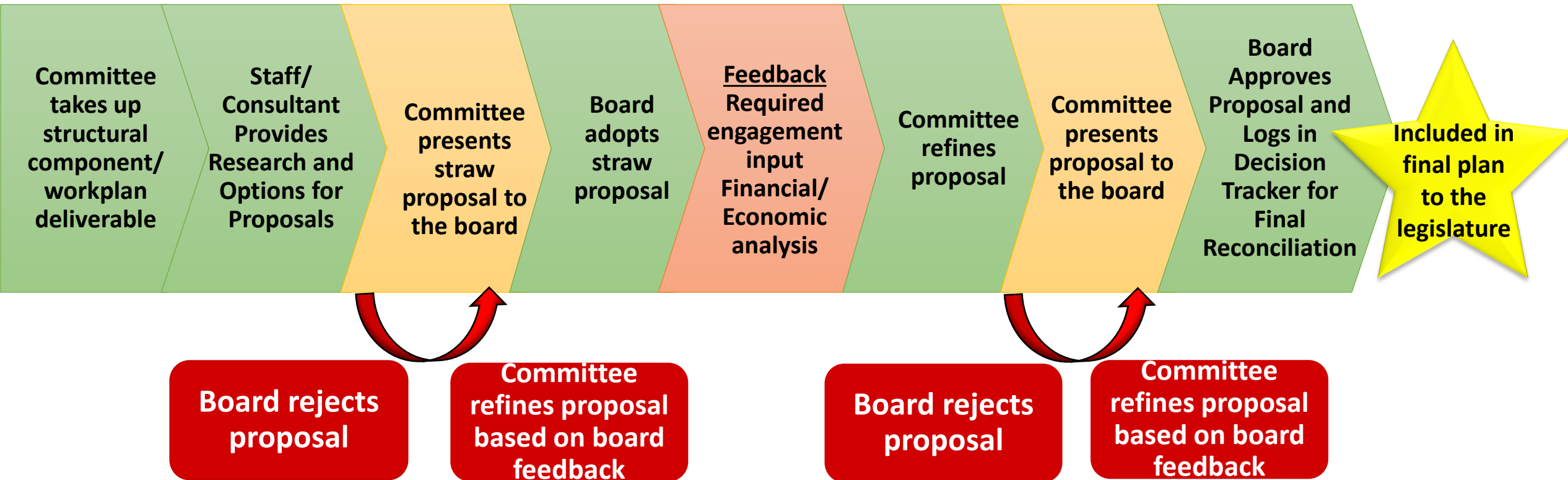
- Does the board want to add any principles to the list from the Joint Task Force?
- Does the board want to prioritize any specific principles for the committee?
- Does the board want to give direction on specific taxes or other revenue sources?
- How does the board want to consider giving direction to the committee around financial hardship from revenue or taxes for any specific business sectors or segments of the population?



# Review Board Decision-Making Process

*- Jenny Donovan*

# Board Decision Making Process



# Future Meeting Topics

- *Chair Bellanca*

# Future Topics

*November Topic: Employee Retirement Income Security Act*

*Future Board Meeting Topics: Long-Term Care in Oregon*

*Other Topics:*

# **Board Outreach: Meeting Takeaways and Outreach**

*- Chair Bellanca*

# Public Comment

# Adjourn

## Practicing the Complex Yes

by Kim Stafford [\*The Flavor of Unity: Post-Election Poems\*](#) (Little Infinities, 2018)

When you disagree with a friend,  
a stranger, or a foe, how do you  
reply but not say simply No?  
For *No* can stop the conversation  
or turn it into argument or worse —  
the conversation that must go on, as a river  
must, a friendship, a troubled nation.  
So may we practice the repertoire  
of complex yes:

*Yes, and in what you say I see...*  
*Yes, and at the same time...*  
*Yes, and what if...?*  
*Yes, I hear you, and how...?*  
*Yes, and there's an old story...*  
*Yes, and as the old song goes...*  
*Yes, and as a child told me once...*  
*Yes. Yes, tell me more. I want to understand...*  
*and then I want to tell you how it is for me....*



---

**Universal Health Plan**  
Governance Board

---