



Advocacy Alert

OREGON FOOD BANK
OREGON HUNGER RELIEF TASK FORCE

June 2005
Volume 11 Issue 6



take five

(actions that take five minutes or less)

Action:

Contact your state legislator urging support for key anti-hunger bills.

Message:

- ✓ Hunger prevention starts with you. Public policies aimed at eliminating the root causes of hunger are a crucial step toward ending hunger in Oregon.
- ✓ Please support policies aimed at increasing family financial stability – SB 545, SB 768 & HB 2046.
- ✓ Please support federal food programs – SB 289 & SB 467.

Take Action with ease...

www.oregonfoodbank.org

(click on)



ADVOCATE



Legislative Yellow Pages

State Legislative Information
1-800-332-2313 (outside Salem)
(503) 986-1000 (in Salem)
www.leg.state.or.us/citizenguide

Federal Legislative Contacts
Rep. Wu (District 1)
(503) 326-2901
Rep. Walden (District 2)
(541) 776-4646
Rep. Blumenauer (District 3)
(503) 231-2300
Rep. DeFazio (District 4)
(541) 465-6732
Rep. Hooley (District 5)
(503) 588-9100
Senator Smith
(503) 326-3386
Senator Wyden
(503) 326-7525

Debate on the Estate Tax is far from dead

On the heels of passing a federal budget resolution which calls for deep spending cuts on domestic low-income programs, Congress is debating a \$1 trillion tax cut to the wealthiest 1 percent of tax payers. In addition to the \$106 billion in tax cuts outlined in the federal budget, many in Congress would like to add repeal of the estate tax to the list of tax cuts. According to the Center on Budget and Policy Priorities, over the first 10 years alone, full repeal of the estate tax would cost the federal treasury \$1 trillion. The lost revenue would need to be paid for through increased deficits and further program cuts.

Estate Tax

Very few taxpayers are subject to the estate tax. The current exemption level of \$1.5 million (or \$3 million per couple) means that the heirs of less than 1 of every 100 people who die will owe any money through the estate tax. In 2009 when the exemption level increases to \$3.5 million (or \$7 million per couple), the heirs of only 3 out of 1,000 people who die will be subject to the tax. Because only the wealthiest tax payers are subject to the estate tax, it is one of the most progressive features of our tax system.

Current Law

The 2001 tax cuts passed by Congress included phased-in temporary estate tax reductions that will result in a full repeal by 2010 (in 2009 the exemption will be \$3.5 million and the top rate will be 45 percent). The 2001 tax cuts are due to expire in 2011 and as a result, the estate tax will revert back to 2001 law. Under 2001 law, the estate tax exemption is \$1 million and the top rate is 55 percent.

Current Debate

At the two extremes of the debate are those calling for full repeal – a policy with a \$1 trillion *(continued on page 2)*

Summer lunch fills need in Oregon communities

The last day of the school year is quickly approaching for many students. Though summer does bring a break from homework, tests, and early morning wake-up calls, it also brings hunger pangs for the thousands of Oregon students who rely on free and reduced-price school breakfasts and lunches during the school year.

Fortunately, help is as close as the nearest park or school in many Oregon communities. Schools, churches, local governments, and non-profits across the state will team up to offer meals at no cost to children in low-income neighborhoods. Funding for the meals is provided by the US Department of Agriculture. Many meal sites offer activities in addition to the meals to ensure that summer will be a time of learning, growing, and having fun.



No paperwork is required to participate, and families do not have to meet any income standards (need is determined by geographic location of the site). Children aged 1-18 simply need to show up at the scheduled day and time to get a free breakfast or lunch. Although the program is targeted to families who are having trouble buying enough food, any child under age 18 is welcome to participate.

To find out if there will be a site operating in your community this summer, call **Oregon SafeNet** at **1-800-SAFENET (1-800-723-3638)** or visit **Oregon Helps** www.oregonhelps.org.

For more information on USDA and the Summer Food Service Program, contact Holly Wilkalis, Oregon Hunger Relief Task Force, at 503-963-2292 or holly.wilkalis@hcs.state.or.us

Update of State legislative agenda for 2005 session

The Senate and the House committees are beginning to close and advocates are scrambling to keep bills moving toward a final vote as we approach the end of the 73rd Legislative Assembly. As of June 6th, none of the bills on our legislative agenda has made it all of the way through the process. Several bills are scheduled for hearings this week while others are still waiting to be scheduled. Your calls over the next few days will help keep these proposals alive. Below is a brief update on the status of the proposals that are still alive.

HB 2046 - Expand the state Earned Income Tax Credit

(EITC): Make the EITC refundable and increase the value to eliminate state taxes for people living below the federal poverty level.

Status: Passed the House. Scheduled for a hearing in Senate Revenue Thursday June 9th.

Action: Call Senators urging support for HB 2046. The EITC rewards work by helping Oregon's lowest paid workers keep more of their hard-earned money to pay for basic necessities.

SB 545 - Strengthen Rules for Payday Loans:

Establish cap on interest, maximum loan amount and payment plan for expiring

loans. Senate (Also HB 2761).

Status: Passed Senate on May 31st, on Speaker Minnis's desk waiting to be assigned to a House committee for a hearing.

Action: Call House leadership and ask for a hearing for SB 545. Call Speaker Minnis, Majority Leader Scott and your representative.

SB 289 - Expand WIC/Farmers' Market Coupons:

Increase state funds by \$49,000 to access additional federal funds to expand to roadside stands and provide more vouchers to families on the Women, Infants and Children (WIC) program.

Status: Passed Senate Human Services Committee; currently in Senate Budget.

Action: Call Senators Carter and Schrader, urging a hearing for SB 289.

SB 467 - Expand Summer Food Support:

Support the Oregon Department of Education package to provide 5 cents in state funds for every summer lunch served.

Status: Passed Senate, on Speaker Minnis's desk, waiting to be assigned to a House committee for a hearing.

Action: Call House leadership and ask for a hearing for SB 467.



The Advocacy Alert is published jointly by the Oregon Food Bank (OFB) and the Oregon Hunger Relief Task Force (OHRTF).

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Goal to reform estate tax responsibly *(continued from page 1)*

price tag over 10 years – and those calling for no reform, allowing a return to pre-2001 law of a \$1 million exemption level. Making up the middle ground is the growing consensus supporting reform proposals aimed at maintaining the federal estate tax but making permanent changes to the exemption level and tax rate to protect family-owned businesses and farms.

Rate vs. Exemption

There are two primary pieces of the estate tax, the exemption level and the top tax rate. All reform options propose changes to both the rate and the exemption level. One thing to consider when evaluat-

ing the options is how each affects who pays and how much. Drastically lowering the tax rate – some have called for a 15 percent tax rate – would significantly reduce the revenue raised but have almost no impact on the number of estates subject to the tax. Therefore, drastically lowering the rate would benefit the wealthiest estates while doing little to protect the small business and farm estates. Also keep in mind that the top tax rate is not the same as the effective tax rate. Due to deductions and the exemption level, the effective tax rate is far less than the top tax rate. In 2003, the average effective tax rate was 19 percent.

Reform

The goal of reform should be to ensure progressivity and fairness while protecting an important revenue source for funding federal programs. Reform proposals should also protect small family-owned businesses and farms while also protecting the revenue Oregon gains from the state connection to the federal estate tax. This can be accomplished by increasing the exemption rate and making a modest reduction in the top tax rate. The debate comes down to a question of priorities. Congress should act responsibly to protect a source of revenue paid by a small number of wealthy heirs to fund critical resources for millions of vulnerable families.