

2009 PUBLIC AFFAIRS COMMITTEE

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What do Ballot Measures 66 and 67 do?

Measure 66:

Ballot Measure 66 would increase the personal income tax on individuals earning over \$125,000 and couples earning over \$250,000.

A "Yes" vote is in favor of the tax increases. A "No" vote is a vote in opposition.

Under the measure, individual filers would remain at the current 9% tax rate on all income below \$125,000, but would be assessed at a new 10.8% rate on all income between \$125,000 and \$250,000 and at 11% on income over \$250,000. For joint filers, these dollar amounts are effectively doubled. Beginning in 2012, the new higher tax rate will be reduced such that individuals pay 9.9% income tax on all income over \$125,000.

Measure 67:

Ballot Measure 67 would increase the minimum income tax paid by most corporations. Currently the minimum tax on all corporations is \$10.

A "Yes" vote is in favor of the tax increases. A "No" vote is a vote in opposition.

Measure 67 would increase the corporate minimum tax on C corporations to anywhere from \$150 to \$100,000 depending on the amount of Oregon sales the corporation reports. A corporation with gross sales of less than \$500,000 would pay a minimum tax of \$150. A corporation with gross sales over \$100 million would pay a minimum tax of \$100,000. C Corporations within this range would see a minimum tax of anywhere from 0.05% to 0.15% of their gross Oregon sales. The measure would set the minimum tax on S corporations at \$150.

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January special election will decide fate of tax measures

The 2009 legislature passed two major revenue raising bills in order to help fill what was then a multi-billion dollar budget gap. As many predicted, these two measures were ultimately referred to the voters and will appear on a January special election ballot as Measures 66 and 67.

Since the budget the legislature passed was built in part on this revenue, if both measures fail, the legislature will be forced to deal with a projected loss of \$733 million during a February special session. \$733 million represents about 5% of the total general fund and lottery resources for 2009-2011. However, because this reduction would not be spread over the entire biennium (which began on July 1, 2009), a \$733 million cut is effectively a 9%-10% hit to ongoing operating budgets, depending how quickly the legislature is able to implement specific reductions. Please note that this projected revenue decline does not take into account any normal drop-off in income tax collections due to the current economic situation.

The legislature would ultimately decide what cuts to make to rebalance the budget, and at this time it is not known what those choices will be. However, in late 2009 the Oregon Legislature asked the Oregon Judicial Department to summarize suggested budget cuts in the event of a 5% or 10% reduction in funding.

Impact on the court system

The Oregon Judicial Department has estimated that a 5% General Fund reduction would result in layoffs of 15.3% of its available workforce, or 186 total positions. It is estimated that would necessitate closing courts approximately one day per week. At a 10% General Fund reduction, the courts would layoff about 32.9% of its available workforce, or about 400 positions. This is expected to result in court closures of at least two days per week.

- For more information, see the **Chief Justice's memo** outlining potential reductions to the budget for the Judicial Department.

Impact on public defense

The Public Defense Services Commission, which is also contained within the Judicial Branch, estimates having to cease operations anywhere from 36 to 72 days prior to the end of the biennium if budget reductions in this range are realized.

Campaign Websites:

YES - <http://voteyesfororegon.org/>

NO - <http://www.stopjobkillingtaxes.com/>

Additional Resources:

Legislative Revenue Office Report

(<http://www.leg.state.or.us/comm/lro/11-19-09%20RR%206-09%20Measures%2066-67.pdf>)

Cascade Policy Institute - (www.cascadepolicy.org)

Oregon Center for Public Policy - (www.ocpp.org)

Ballotpedia.org - ([http://www.ballotpedia.org/wiki/index.php/Oregon_Tax_Hike_Referendum_\(2010\)](http://www.ballotpedia.org/wiki/index.php/Oregon_Tax_Hike_Referendum_(2010)))