



THE BLACKBERRY BRAMBLE



Dedicated to promoting good politics and great people in East Lane County and beyond, and having fun while doing it.

Like the rest of the country, Oregon is feeling the recession. Declining state revenues and increasing population mean the state has \$4 billion less than it needs to provide basic services such as education, healthcare and public safety. The Legislature addressed this crisis in July with a combination of program cuts and targeted tax increases on corporations and the wealthy. Now, a group led by out of state lobbyists is circulating petitions to nullify the tax increases. If you sign these petitions, you are in essence voting FOR a special election in January of 2010 which will cost the state upwards of \$1.5 million and result in a serious and immediate budget shortfall. **SUPPORT OREGON - DECLINE TO SIGN!**



I Quick Glance at HB 2649 and HB 3405

On July 20, two measures were signed into law by Governor Kulongoski; they are retroactive to January 1, 2009. They will go into effect unless enough signatures are gathered to place them on the ballot in a special election in January 2010, in which case they will be delayed pending the results of the special election.

II HB 2649: Personal income tax increase on higher-income Oregonians

SINGLE FILERS

For taxable income below \$125,000, there is NO CHANGE in tax rate (marginal tax rate remains 9%).
 For taxable income between \$125,000 and \$250,000, the tax rate would be 10.8% for 2009, 2010 and 2011, and 9.9% for 2012 and thereafter (currently 9%).
 For taxable income above \$250,000, the tax rate would be 11% for 2009, 2010 and 2011, and 9.9% for 2012 and thereafter.

JOINT FILERS

For taxable income below \$250,000, there is NO CHANGE in tax rate (marginal tax rate remains 9%).
 For taxable income between \$250,000 and \$500,000, the tax rate would be 10.8% for 2009, 2010 and 2011, and 9.9% for 2012 and thereafter (currently 9%).
 For taxable income above \$500,000, the tax rate would be 11% for 2009, 2010 and 2011, and 9.9% for 2012 and thereafter.

III HB 3405: Tax increase on Oregon corporations

PARTNERSHIPS
 S CORPORATIONS
 CORPORATIONS THAT DON'T
 REPORT A PROFIT

Imposes \$150 entity tax when filing return (previously \$0)
 Increases minimum tax to \$150 (previously \$10)
 Increases minimum tax to between \$150 and \$100,000 in 12 tiers (previously \$10). For example:

- \$150 for Oregon sales less than \$500,000
- \$7500 for Oregon sales between \$7 million and \$10 million.
- \$100,000 for Oregon sales over \$100 million

CORPORATIONS THAT DO
 REPORT A PROFIT

- For taxable income less than \$250,000, the tax rate remains 6.6%
- For taxable income above \$250,000, a tax rate of 7.9% for 2009-10
- For taxable income above \$250,000, a tax rate of 7.6% for 2011-12
- For taxable income below \$10 million, the tax rate returns to 6.6% for 2013 and thereafter
- For taxable income above \$10 million, a tax rate of 7.6% for 2013 and thereafter



MONEY IN: Oregon receives funds from personal and business income taxes, user fees, gas & cigarette taxes, and the federal government.
AND OUT: Oregon spends more than 90% of its general fund budget on education, healthcare and public safety.

MONEY IN: Lane County and Cottage Grove receive funds from property taxes, tourism taxes, licensing fees, and self-employment taxes.

AND OUT: County and city budgets are spent on public safety, water and sewer, public and mental health, libraries, streets and parks.

MONEY LOST... A sudden and steep decline in our nation's economy has decreased personal and corporate taxes which fund the state budget.

AND FOUND... The Legislature approved a balanced budget (required by law), including additional revenue, special fund adjustments and budget cuts such as:

- health insurer/hospital tax (\$696 million)
- increased vehicle fees & gas tax (\$320 million)
- increased corporate income tax (\$261 million) **HB 3405**
- increased personal income tax (\$472 million) **HB 2649**
- use of Rainy Day and Education Stability funds
- federal stimulus money (\$2.3 billion)

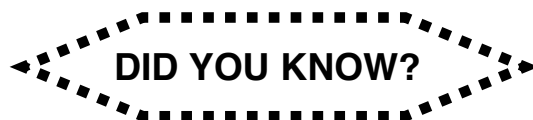
LOTS OF LIMITS..... Since 1979, Oregon voters have approved a series of spending limits:

- √ Measure 50 requires double majority vote to change property tax
- √ Measure 5 property tax limits
- √ The Kicker (refunds income taxes)
- √ 8% General Fund spending limit
- √ Unfunded Mandates (programs without voter approved funding)



- There hasn't been an increase in the corporate minimum tax since 1931. The tax has remained at \$10 since then.

- The personal income tax increase in HB 2649 will only affect the wealthiest taxpayers - those who can afford it.
- Oregon is one of five states with no sales tax.
- Corporations which conduct significant business in the state of Oregon, but which show a loss for tax purposes, have only been paying the \$10 minimum tax. Yet, they rely on and use Oregon's resources to grow their business. It is reasonable that they pay something for the right to do business in Oregon, whether the tax laws allow them to show a loss on paper or not. Surely a business with a hundred million in sales can and should pay more than \$10 a year.
- HB 3405 passed the Oregon House 36-24 (60%) and the Senate 16-13 (55%). HB 2649 passed the House 37-23 (62%) and the Senate 24-5 (83%). These are hardly close votes. Why do we have legislators if we're going to contest every new law? Especially when the cost of a special election will be at least \$1.5 million dollars. This further drains the budget when there is already a shortfall.
- Oregon's total tax on businesses ranks 49th in the United States. If the new tax law is implemented, projections show that it will rank 48th.
- Oregon's 2008 state and local tax level ranks 38th in the United States. (Oregon Legislative Revenue Office)
- Because Oregon is so reliant on the income tax (again, no sales tax), it is especially vulnerable to downturns in the economy which decrease income tax revenues disproportionately. If we wish to continue to enjoy our no sales tax state, we have to allow flexibility in income tax rates.
- The highest rate of tax applicable to corporations which don't report a profit, and which are subject to the new minimum tax based on gross receipts, is .15%.



Q: Approximately how many C corporations filing a return in Oregon (including very large corporations such as Macy's) pay the minimum tax of \$10?

A: Approximately 2/3

Q: How much will partnerships, LLPs, LLCs, and S corporations pay in tax under the new laws?

A: \$150

Q: What percentage of small business owners will have to pay more tax under the new laws?

A: 7% (Legislative Revenue Office)

Q: What percentage of Oregon taxpayers will be affected by the personal income tax increase?

A: 2.45 %

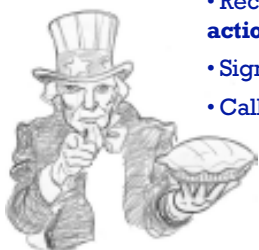
Q: Who is organizing the referendum campaign to prevent these laws from taking effect?

A: Tobacco lobbyist Mark Nelson and anti-tax lobbyist and former Republican Party chair Kevin Mannix.

Q: What percent of corporate profits taxes come from corporations headquartered out-of-state?

A: 75%

**THE COTTAGE GROVE
BLACKBERRY PIE SOCIETY
NEEDS YOU!**



- Receive weekly **action alerts**
- Sign petitions by **email**
- Call your legislators

"Be An Armchair Activist"
At your computer or on your phone.

Contact: blackberrypie@gmail.com
Monthly meetings held at Cottage Grove
Hotel, Mezzanine 2, 811 East Main,
Cottage Grove, Oregon 97424

Q: How much in additional income taxes will a couple with Oregon taxable income of \$250,000 have to pay under the new law?

A: Zero

Q: How much in additional income taxes will a couple with Oregon taxable income of \$260,000 have to pay under the new law?

A: \$180 for 2009, 2010 and 2011 and \$90 for 2012 and thereafter

Q: What year did Bill Clinton raise taxes on the wealthy, cut the deficit, and not ruin the economy?

A: 1993

**This publication derives some of its material from
www.defendoregon.org. We encourage you to visit the site and sign the
Defend Oregon Pledge!**

Defend Oregon is a coalition of organizations and individuals from around the state dedicated to protecting Oregon's future.