

# Corporate tax hike on ballot

By Kristena Hansen  
Associated Press

PORTLAND (AP) — The biggest corporate tax hike proposal in Oregon history is headed to voters this fall.

On Monday state elections officials approved more than 95,000 signatures for Initiative Petition 28. The measure could generate an extra \$3 billion in annual tax revenue from the state's 1,000 largest businesses — a quarter percent-boost to the state's general fund that's earmarked specifically to education, health care and senior services.

IP 28's public union-backers say it'd help solve decades-long funding issues in those three core areas and only from the wealthiest companies in Oregon, where they pay a sliver of the tax base that's otherwise heavily reliant on personal income after the idea of a sales tax repeatedly failed to pass muster with voters.

But how it'd actually be spent is a question mark. The money would benefit the measure's three specified areas, where the bulk of general fund money already goes, but not all of it. A portion would automatically go to a transportation fund, as the state Constitution requires, and spending the rest would be up to the Democratic-controlled Legislature.

That's why Gov. Kate Brown, a Democrat who's stayed neutral on IP 28, revealed her vision for the money last week — some of which, including tax credits for businesses and low-wage earners, differ from IP 28's three core areas — and why some Republican lawmakers call it a "blank check" that raises questions about the motives of the measure's backers.

The spending question comes up among lawmakers, but is rarely discussed with voters. Even business groups opposing IP 28 have focused on what they say are the measure's potential negative economic impacts on consumers.

Ben Gaskins, a political science professor at Lewis & Clark College, said there's a "disconnect" between the reality of the unknowns and voters' impressions.

"People are more likely to vote for a tax increase if they feel that it'll be earmarked for a specific purpose ... and (businesses) don't want to make it about big corporations versus public services for people in need," Gaskins said.

For Our Oregon, a liberal advocacy group funded

primarily by public employee unions, it took four years and more than two-dozen drafts before settling on IP 28.

"We wanted to get this right, and that meant designing a measure that raises enough revenue to make a meaningful improvement in our badly underfunded critical services, hits the right entities and is politically viable," said Katherine Driessen, the campaign's spokeswoman.

The measure would change state law — although most tax-related ballot measures since the 1970s were constitutional amendments — a structure that Driessen said allows the Legislature to be "nimble" in responding to future needs.

She said more jobs are among the motives, noting how class sizes, for instance, could improve with 8,500 additional teachers — a possible chunk of the 17,700 public-sector jobs that could be created over six years, according to state estimates, while private-sector jobs would drop by 38,200.

But she denied IP 28 has anything to do with Oregon's Public Employees Retirement System, as many conservatives suggest.

"In fact, we filed IP 28 with the secretary of State months before the 2015 court ruling on PERS,"

said Driessen, recalling the unions' successful efforts to overturn the Legislature's 2013 reforms.

Public employers have since been bracing for big hikes in their pension obligations for the next budget cycle. That's where school districts and other local government agencies could pull from IP 28 revenue, which would go to the state's general fund and subsequently expand those agencies' budgets, said John Tapogna, economist and president of ECONorthwest in Portland.

"There are a couple of things that are putting pressure on the state's budget — PERS is certainly one of them," Tapogna said. "Key question is, where is the accountability for this measure to help ensure that as new resources are coming into government, that government is delivering a better product?"

House Republican Minority Leader Rep. Mike McLane told The Associated Press it's about union jobs, "money and power" and bigger government "puts money in the pockets of big union bosses and these same government unions are the largest donors to Democratic campaigns and Democrats therefore fall in line and support IP 28."



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