

## Through ballot referenda

# Business groups force vote on tax hike on corporations and the rich

It appears Oregon voters will get the final say on whether the state's wealthiest individuals and corporations should pay just a little more taxes. The Democratic majority in the Oregon Legislature this year passed laws increasing the \$10 corporate minimum income tax and adding a new top personal income tax bracket on households with over a quarter million dollars a year of income.

The amounts of the increase were quite modest, but some Republican activists formed a group called Oregonians Against Job Killing Taxes and raised and spent nearly \$1 million from business groups to fund a paid signature gatherer operation. The group turned in signatures Sept. 25. If the secretary of state finds there are at least 55,179 valid signatures on each measure, voters will choose in a Jan. 26,

2010 special election whether to let the tax increases go forward.

A "yes" vote is a vote for the increases. Or, as Scott Moore — spokesperson for the union-backed community coalition Defend Oregon — put it, "Vote yes for tax fairness."

Oregon's corporate minimum income tax has been something of a scandal for years. Two-thirds of corporations doing business in Oregon — including some of Oregon's biggest corporations — have been paying only \$10 a year in income tax, an amount that hasn't been raised since 1929. The corporate minimum is the amount of income tax paid by corporations whose books don't show a profit in a given year. Under the new law, the corporate minimum increases to \$150 a year for corporations with under \$500,000 a year in Oregon sales, rising to

\$100,000 for companies with more than \$100 million a year in sales.

The non-profit think tank Oregon Center for Public Policy found that even with the increase, corporations will still pay a smaller share of taxes than three decades ago. When the corporate tax measure takes full effect in the 2013-15 budget cycle, corporations will pay 6.8 percent of the state's income taxes, with individuals paying the remaining 93.2 percent. The corporate share is 6.3 percent now; 35 years ago it was 18 percent.

Meanwhile, Oregon's personal income tax has been essentially a flat tax of 9 percent on the taxable incomes of all but the poorest. The new law temporarily raises the top marginal rate on taxable income to 10.8 percent for household incomes over \$250,000, and 11 percent on taxable incomes over

\$500,000. That rate drops back to 9.9 percent in 2013. Taxable income equals gross income minus deductions, so in reality the increase affects households earning rather more than a quarter million dollars a year — a taxpayer would typically gross \$278,000 before their taxable income reached \$250,000. The Legislative Revenue Office estimated that just 28,000 personal income taxpayers will pay more under the new law. And the higher rate doesn't apply to all income, just the portion of income over \$250,000, so for example, a couple with taxable income of \$260,000 a year would pay an extra \$180 a year.

Nonetheless, the two increases are expected to raise over \$350 million a year in additional revenue over the next two years. It was the Legislature's way of protecting education, health care and public safety services during the recession without imposing across-the-board tax increases.

An early August poll by Grove Insight for the Oregon Center for Public Policy showed that voters approve of the increase by a 2-to-1 margin — because they are targeted at people and corporations who can afford to pay.

"If they talk about the facts of these measures and who they really impact, we'll win," Moore said. "So they have to scare people into thinking the tax

will affect them."

Moore predicts that opponents of the tax increases will spread misinformation: The tax increases will be talked about in general terms, as if they affect most taxpayers, and will be blamed, without evidence, for job losses. "We know the other side has an extraordinary amount of money," Moore said.

The "no" campaign will be run by corporate lobbyist Mark Nelson, who in 2007 raised \$12 million from tobacco companies and defeated a cigarette tax increase that would have funded health care for children. So far, contributors to the campaign to undo the increases have included Associated General Contractors, Associated Oregon Industries, the Oregon Bankers Association, the Portland Business Alliance, and timber and oil companies.

Oregon's labor movement will likely be drawn in to defend the tax increases. At its final meeting before the Oregon AFL-CIO's Oct. 25 convention in Bend, the labor federation's Executive Board will vote on a recommendation to support the campaign.

The campaign is getting started right away. In Portland, Defend Oregon is calling for volunteers to meet at the Machinists District Lodge 24 hall, 3645 SE 32nd Avenue, (just South of Powell Boulevard) Saturday, Oct. 3, at 10 a.m. to distribute literature.

## Oregon's minimum wage to stay at \$8.40 next year

Due to a decline of 1.48 percent in the Consumer Price Index (CPI) from August 2008 to August 2009, Oregon's minimum wage will remain at \$8.40 an hour next year.

Enacted by voters in 2002, Oregon's minimum wage law requires an annual adjustment based on inflation as measured by the CPI.

The commissioner of the Bureau of Labor and Industries (BOLI) is charged with adjusting the minimum wage for inflation every September, rounded to the nearest five cents. The law specifically ties the minimum wage to increases in the CPI, leaving no option for a reduced wage when the CPI declines.

"While the economy still struggles, workers will be able to continue taking care of their families while maintaining their purchasing power and contributing to the recovery," said Labor Commissioner Brad Avakian. "At the same time, employers who are in difficult financial situations can breathe a little

easier because their labor costs will remain constant."

Oregon is one of 10 states, with Washington, Vermont, Ohio, Nevada, Montana, Missouri, Florida, Colorado, and Arizona, that annually adjusts the minimum wage based on inflation and the CPI.

The CPI, which is published by the U.S. Bureau of Labor Statistics, is a measure of the average change in prices over time for a fixed "market basket" of goods and services, such as food, shelter, medical care, transportation fares and other goods and services people purchase for day-to-day living.



**NORTHWEST LABOR PRESS**

(International Standard Serial Number 0894-444X)  
Established in 1900 at Portland, Oregon  
as a voice of the labor movement.

4275 NE Halsey St., P.O. Box 13150,  
Portland, Ore. 97213  
Telephone: (503) 288-3311

Editor: Michael Gutwig  
Staff: Don McIntosh, Cheri Rice

Published on a semi-monthly basis on the first and third Fridays of each month by the Oregon Labor Press Publishing Co. Inc., a non-profit corporation owned by 20 unions and councils including the Oregon AFL-CIO. Serving more than 120 union organizations in Oregon and SW Washington. Subscriptions \$13.75 per year for union members.

Group rates available to trade union organizations.

PERIODICALS POSTAGE PAID  
AT PORTLAND, OREGON.

CHANGE OF ADDRESS NOTICE: Three weeks are required for a change of address. When ordering a change, please give your old and new addresses and the name and number of your local union.

POSTMASTER: Send address changes to  
NORTHWEST LABOR PRESS, P.O. BOX 13150,  
PORTLAND, OR 97213-0150

25

Carpenters, Electricians, Laborers, Glaziers, Sheetmetal Workers, Floorcoverers, Bricklayers, Cement Masons, Roofers, Asbestos Workers, Millwrights, Painters, Elevators, Plasterers, Family

**IBEW & UNITED WORKERS FCU**  
PROUDLY SERVING UNION MEMBERS AND THEIR FAMILIES SINCE 1954.

**The power of PARTNERSHIP, leaving a positive imprint on each others lives.**

When you support your Credit Union  
you support your fellow union workers.

**Leave your imprint and start using our products and services today!**

**Loans, credit cards, mortgages, savings, invest accounts, CDs.....whatever your needs we've got you covered.**

**PARTNERS IP**

**IBEW AND UNITED WORKERS FEDERAL CREDIT UNION**

9955 SE Washington Street  
Portland, OR 97216

(503) 253-8193\* (800) 356-6507  
www.ibewuwfcu.com

Carpenters, Electricians, Laborers, Glaziers, Sheetmetal Workers, Floorcoverers, Bricklayers, Cement Masons, Roofers, Asbestos Workers, Millwrights, Painters, Elevators, Plasterers, Family