

...97% of taxpayers not impacted by measures

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whose members frequently employ union building trades workers, wrote in the Voter Pamphlet that 86 percent of its 1,100 members are small family-run businesses with 10 or fewer employees, and virtually all are suffering losses in the recession. But then it says that Measures 66 and 67 require its members to pay up to \$100,000 even when they are losing money. The taxes "will leave many of our members little choice but to curtail benefits, consider additional layoffs, or sadly, close down entirely."

It doesn't add up. Under the measures, if a small business is losing money, it won't have profits to tax as personal income, and its minimum tax will be \$150. The \$100,000 tax bill AGC mentions is on companies with over \$100 million a year in Oregon sales. Those are not small, family-run businesses.

John Mohlis, executive secretary-treasurer of the Columbia Pacific Building and Construction Trades Council, is skeptical that the tax increase would lead to job cuts. "Whether there are jobs has to do with the volume of work, not the size of the tax bill," Mohlis said.

"Right now, there's just not much construction work."

Oregonians Against Job-Killing Taxes continues to repeat its argument that the tax increases will hurt small business and ordinary people, but their real impact is on large corporations and wealthy individuals like the ones funding Oregonians Against Job-Killing Taxes. Of the close to a million dollars raised during the campaign's signature gathering phase, contributions of less than \$100 totaled less than \$1,500. The donors list is almost entirely business groups, big corporations, and millionaires. The Oregon Bankers Association gave \$100,000. Associated Oregon Industries gave \$125,300. AGC gave \$38,497. Weyerhaeuser gave \$51,194. Plaid Pantry chipped in \$10,000. Loren Parks, long-time funder to union foe Bill Sizemore, gave \$75,000. Timothy Boyle, who made \$800,000 as CEO of Columbia Sportswear in 2008 (and \$1.7 million the year before), gave \$10,000. Nike founder Phil Knight, whose personal net worth is estimated to be \$8.2 billion, gave \$50,000.

It wouldn't serve their cause to put Knight on a flier complaining about the 2 percent more he would pay on earnings from the \$150 million in Nike stock he reportedly sold in October. So Oregonians Against Job-Killing Taxes makes "jobs" the heart of its campaign. They claim "economists" say the measures will cause 70,000 jobs to be lost — a figure repeated in 28 separate statements in the Voters' Pamphlet.

[See the adjacent article "Lying by Numbers" for how they came up with the number.]

"Their job loss claim," Sheketoff said, "isn't worth the paper it's printed on."

But Speaker Hunt says they're ignoring the real, countable jobs the measures create in the public sector, by funding teachers, in-home caregivers, and construction workers on state projects. About 51 percent of the revenues raised go to schools (K-12, community college, and state universities); 27 percent pays for services, including health insurance for children, seniors, and the disabled, with matching federal dollars; 18 percent pays for public safety (prisons, jails, and courts); and 4 percent funds other programs, including business regulation.

To defend the measures, Vote Yes for Oregon has assembled a broad coalition. They are raising money and turning out volunteers to get facts out to voters.

"We're letting people know if your family doesn't make \$250,000 a year, you're not going to see a tax increase," said Elana Guiney, spokesperson for the Oregon AFL-CIO. "Right now, two-thirds of corporations pay \$10 a year in taxes, while the average family pays \$3,100 a year. When people find out what's really going on, most say they'll vote yes."

On Sunday, Jan. 3, union members will meet for a canvass. Call 503-224-3169 for details.

Ballots go out Jan. 8. A "yes" vote is a vote for the tax increases.

Lying by numbers

Oregonians Against Job-Killing Taxes claims that "economists" say Measures 66 and 67 will cause the loss of 70,000 jobs — a figure repeated in 28 separate statements in the Voters' Pamphlet.

The economists referred to are Bill Conerly and Randall Pozdena, who conducted their analyses for the Cascade Policy Institute, the same group that a few years ago was calling for putting Social Security funds in the stock market. Conerly is chairman of the group's board of directors, and Pozdena is its "academic adviser."

Reached by phone, Cascade Policy Institute Executive Director Steve Buckstein confirmed how Conerly and Pozdena came up with their analyses. See if you can follow.

To assess the impact of Measure 66's tax increase on very-high-income individuals, Conerly re-used an economic model he developed four years earlier to argue for a capital gains tax reduction. Based on that previous study of tax and economic data from 50 states over 26 (or 27) years, Conerly concluded that for every percentage decrease in the capital gains tax rate, the rate of economic growth would increase by 0.091 percent. Reasoning that there's no difference between capital gains taxes and income taxes on high-income individuals, he then turned that equation upside down to say that for every percent of income tax increase on high-income individuals, the economic growth rate would go down by the same factor. He then applied that factor to an old State of Oregon economic forecast to conclude that for every year that passed, more and more jobs would not be created by these rich individuals. In the first year, Conerly said, the impact would be small — 5,570 jobs — but by 2015, the impact would total 36,000 jobs.

Pozdena did a similar thing for Measure 67's corporate tax increase, only he used as his basis a study of capital movements between different nations that belong to the Organization for Economic Cooperation and Development. Pozdena concluded that the 1 to 2 percent increase in the corporate income tax rate would cause the state's growth rate to decrease 0.1 to 0.2 percent. Then, he applied that to a state economic forecast from before the late 2008 economic meltdown to come up with a figure of 22,000 and 43,000 jobs that would not be created by corporations and rich individuals — over the course of 10 years. The common sense explanation for this, Pozdena explained on Cascade's Web site, is that people would choose where to live and where to invest, and would invest less in Oregon.

Add the two, and you get 58,000 to 79,000 jobs not created by the private sector over five years ... or 10 years. Buckstein explained that he took the top figure in that range, 79,000, and tweaked it downward to make it a number of "full-time equivalent" jobs, and that's how the 70,000 jobs figure was born.

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 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
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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.

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