

Five corporate lies (and two truths) about Measure 97

\$17.9 million in mostly out-of-state corporate money buys a lot of ads and spreads a lot of disinformation, doubt and fear about Measure 97. Don't be fooled.

IT'S A SALES TAX!

(No ... it's not.) Oregonians do leave the state sometimes, so they know what a sales tax is: If you were to buy a smartphone, say, in Clark County, Washington, you'd pay 7.7 percent sales tax. It's on the receipt. Oregon is one of just five states without a general sales tax, and Measure 97 won't change that, because it isn't a sales tax. Consumers wouldn't pay it. Small businesses wouldn't pay it. It's a corporate minimum income tax that only the very biggest companies would pay. And that's long overdue. Up to now, giant companies have employed legal and accounting maneuvers to claim that they make no profit — despite hundreds of millions in sales — and thus they pay almost nothing in state corporate income tax. For example, companies that donated to the anti-Measure 97 campaign had \$600 billion altogether parked in offshore tax havens. That's money they claim was earned in places like the Cayman Islands — so they can get out of paying state and federal income tax. If Measure 97 passes, they won't get away with playing "poor" any more.

IT'LL LEAD TO HIGHER PRICES ON ALMOST EVERYTHING!

(No ... it won't.) Ask yourself this question: Are Cheerios more expensive in Vancouver than Portland? After all, tax

systems vary quite a bit around the country. Do big companies like Target, Lowe's, Toys R Us and Walmart charge more in states where they pay higher taxes? The folks behind Measure 97 wanted to find out, and teamed up with the non-profit Oregon Consumer League to do a study. They found that those companies charge exactly the same prices for their products in every state. Maybe it's not surprising that companies that do business nationally set their prices nationally. But it definitely means there's no reason to think they'll raise prices just in Oregon if Measure 97 passes. [Skeptical of their findings? Thanks to the magic of the internet, you can do your own cross-state price comparisons. Visit <http://bit.ly/2dpKP18> to see how] Oh, and one more thing: If the biggest corporations could just pass this tax onto the consumer via higher prices, why would they contribute \$17.9 million to talk you out of voting for it?

IT'LL CAUSE LOCAL JOB LOSSES! (On the contrary: It'll use money that's now leaving the state to create local jobs.)

First let's be honest: Big out-of-state companies aren't particularly interested in creating local jobs. They're interested in making money; if hiring more locals helps them make more money, they do that. Measure 97 opponents want you to think the big companies affected by the tax will cut jobs because of the increased taxes. But it's hard to see why — if employing locals helps them make money. And if they do cut some jobs, out of spite or for business reasons, there's something very important to know: There's no secret incinerator beneath the Capitol building in Salem where lawmakers burn tax dollars. The money this tax raises will

go overwhelmingly to hire teachers, health care providers, and homecare aides. So instead of leaving the state to fill the pockets of CEOs and investors, that \$3 billion a year will employ Oregonians providing services to other Oregonians, who will spend their money locally.

IT'LL HURT SMALL BUSINESS!

(So says big business.) If anything, Measure 97 could help small businesses. For many small businesses, the biggest threat to their existence is big businesses. And Measure 97 might help, just a little, because the Ugly Mug Coffee House in Sellwood won't be paying the Measure 97 tax, but its competitor Starbucks will. Only the top one quarter of the top 1 percent of companies doing business in Oregon will pay this tax — about 400 companies in all. And even in that group, it's the giants that will pay the most: The Legislative Revenue Office estimates that 51 percent of the money raised by Measure 97 will come from just 50 corporations.

"MEASURE 97 WILL DAMAGE THE ECONOMY, RESULT IN 20,000 LOST JOBS, AND HURT CONSUMERS AND LOW-INCOME PEOPLE IN THE STATE OF OREGON!"

(Sounds familiar, doesn't it?) Big corporations think if they say these things often enough, voters will believe them. It's what the union-backed group Our Oregon has come to call "The Corporate Playbook." And corporations are using the same playbook for every occasion, around the country — any time a law is proposed that might restrict their profits. Our Oregon documented over 200 instances of large

corporations making these arguments, often using almost identical language, to oppose very different kinds of proposals. In Oregon they said it in 2010 about Measures 66 and 67, which modestly raised tax rates on the wealthiest individuals and corporations; then they said it in 2015 about a law giving workers paid sick leave; and they said it in 2016 about the increase in the minimum wage. In each case, none of those dire predictions came true.

THERE'S NO GUARANTEE THE LEGISLATURE WILL SPEND THE MONEY AS DIRECTED!

(Okay, that's actually sort of true.) To be fair, the text of Measure 97 couldn't be clearer: "All of the revenue generated from the increase in the tax created by this 2016 Act shall be used to provide additional funding for public early childhood and kindergarten through twelfth grade education; healthcare; and, services for senior citizens." Could the Legislature break faith with voters and vote to spend the money elsewhere? Yes, under the Oregon Constitution they could, but the groups backing the measure will be watching closely, and won't be silent if lawmakers ignore the will of the voters. And at the end of the day, would it be a disaster if SOME additional revenues ended up going elsewhere — a bit more support for higher ed, an uptick in drug treatment to combat meth addiction, hiring a few more state troopers? The bigger danger is that some lawmakers — those most eager to curry favor with business interests — will fritter away some of the new voter-approved revenues by creating new corporate income tax breaks. If they try, the Northwest Labor

Press will report it. Oregon is already giving up more than enough money in the form of corporate tax breaks: Over \$410 million a year.

MEASURE 97 WAS BROUGHT TO YOU BY UNIONS!

(Guilty as charged.) It started with the teachers union Oregon Education Association (OEA) and the state workers and home care workers union Service Employees Local 503. Their members and their member dollars helped get Measure 97 on the ballot. Each of those unions also contributed \$750,000 to the campaign to pass the measure. Since then, they've been joined by 21 other labor organizations — public sector unions like Amalgamated Transit Union and American Federation of Teachers, but also private sector unions like Steelworkers, Bakers, Carpenters, Nurses, Communication Workers, and the state's biggest private sector union, United Food & Commercial Workers Local 555. The Oregon AFL-CIO labor federation has endorsed the measure, and so has the union-backed Oregon Working Families Party. And when millions started to pour in from national corporations to oppose the measure, the union movement stepped up to contribute millions to support it, led by Oregon AFSCME and the national affiliates of OEA and SEIU. So far, the unions and their allies have raised over \$10 million. Why are all these unions supporting Measure 97? Because it will be a game-changer for Oregon, ensuring schools, health care and senior services all Oregonians can benefit from and be proud of. And because it's the best chance in a generation to create national momentum toward getting big corporations to pay their fair share.

Could Measure 97 accidentally get Oregon's roads in order?

Oregon's state constitution says revenue from taxes on motor vehicle fuel — "any tax levied on, with respect to, or measured by the ... sale ... of motor vehicle fuel" — shall be used exclusively for construction, repair, and maintenance of public highways, roads, streets and roadside rest areas. Measure 97, a proposed statute on the November ballot, doesn't create a motor vehicle fuel tax. Technically it increases the corporate minimum income tax, but it calculates the minimum tax based on 2.5 percent of a corporation's total annual in-state sales over \$25 million. So what happens when the sales in question are sales of motor vehicle fuel, like with Chevron, Shell and the other gas companies?

The Measure 97 campaign says it would still be considered a corporate minimum income tax, not a motor vehicle tax in that case. And the measure itself is very clear that all the revenue

it generates is to provide additional funding to public early childhood and K-12 education, healthcare, and services for senior citizens — not roads.

But State Sen. Brian Boquist (R-Dallas) asked the Legislative Counsel to look into the constitutional question, and on Aug. 30, the Legislature's lawyers issued an opinion: To the extent the tax is calculated based on motor fuel, those monies — estimated at \$250 million a year — would have to be spent on roads. The legal opinion is non-binding, and ultimately it could be for the courts to decide.

But State Sen. Michael Dembrow (D-Portland), said \$250 million would make a pretty good start on a robust transportation funding bill.

"From my perspective, that's not a bad place to be putting some money," says Dembrow. "Certainly it's a top business priority for us to be investing in."



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