

Measure 97 corporate tax would put state on right track

Oregon shortchanges schools, seniors, health care while its business tax burden remains lowest in the nation



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Oregon is failing to provide our students the quality education they deserve, our seniors the care they need, and health care to those still going without. The main reason is that we tax corporations less than any other state in the nation. Measure 97 will go a long way toward fixing this situation.

Disappearing corporate taxes

Corporations operating in Oregon have largely stopped paying state income taxes. Today, corporations pay just 6.7 percent of all Oregon income taxes. Thirty years ago, it was 18.5 percent. Corporations pay so little in Oregon taxes that the state raises more revenue from the state lottery – a notoriously regressive tax on the poor. Absent any significant policy change, the corporate share of Oregon income taxes is projected to fall even further, to just 4.6 percent by the mid-2020s.

The Anderson Economic Group compared the total amount of state and local taxes businesses actually pay in each state to their pre-tax business profits. It found Oregon dead last among the states, and it has been for the past three years. Oregon would need to raise an additional \$3.5 billion a year in business taxes just to reach the national median.

In short, making corporations pay their fair share of taxes is the only reasonable way to generate the funds we need to improve the quality of our schools, health care, and senior services.

Shortchanging our services

Legislators are currently talking about 7 to 10 percent cuts in the next state budget, given forecasts of a \$1.35 billion budget deficit. We can't allow that.

Oregon already has the fourth-worst high school graduation rates in the country, the

third-largest class sizes, and a school year that averages a full two weeks less than the minimum most states require. We face a \$1 billion yearly funding gap according to our Quality Education Model, the state's guide to K-12 funding priorities. Closing that gap will only get us back to where we were before we implemented Measure 5's skewed property tax reform 25 years ago. Right now, Oregon ranks 40th among the 50 states in per pupil K-12 spending, adjusted for the cost of living. The 2016 Quality Counts Oregon Report gives the state a D+ for school finance and a D for K-12 achievement. It doesn't give out F's!

We also need to expand public senior services, as two-thirds of Oregon retirees have no personal retirement savings. Over the past 10 years, there has been a 61 percent increase in the number of seniors living in poverty. We need to invest now in senior health care services to be ready for the "silver tsunami" of aging baby boomers.

As for health care: Oregon ranks 31st in per-capita public health spending, some 20 percent below the median. One in 10 Oregonians still lack medical insurance. Even those with insurance sometimes go without the care they need, because co-payments are more than they can afford.

Measure 97

Measure 97 makes one simple change in the existing tax code: It raises Oregon's minimum tax on the largest corporations selling in the state, C corporations with more than \$25 million in Oregon sales, to \$30,001 plus 2.5 percent of the amount of their sales above \$25 million. The Oregon Legislative Revenue Office reports that this will affect only 1,051 corporations – roughly one-quarter of 1 percent of all businesses in Oregon. The LRO estimates it will raise an extra \$3 billion in revenues per year that the measure directs to be spent on education, health care and elder care. More than half this revenue will come from the

50 largest C corporations operating in the state.

Who will pay?

Opponents want you to believe that the relatively few Oregon businesses that Measure 97 affects will pass the burden of the tax on to Oregon consumers. If this were true, they would not be poised to spend more to defeat Measure 97 than has ever been spent on a ballot measure in state history.

It is not true because these corporations must compete for customers with the 99.75 percent of Oregon businesses unaffected by the measure. And it is also not true because large corporations like Walmart, Target, Costco, Safeway and Kroger, which owns Fred Meyer, follow national pricing strategies; generally charging the same price for products in every state in which they operate, despite significant differences in state tax rates and other costs. They certainly aren't charging Oregonians lower prices because of our super-low corporate taxes now.

"Corporations pay so little in Oregon taxes that the state raises more revenue from the state lottery – a notoriously regressive tax on the poor."

Good for the Oregon economy

Measure 97 gives us the best chance in a generation to turn Oregon around. It will allow us to significantly strengthen our schools, senior services and health care. It will also give us a larger and more stable tax base. And the combination can be expected to attract new businesses, leading to more jobs and a stronger economy.

I strongly recommend a yes vote on Measure 97.



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