

Don't get conned by the lies about Measure 97

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Who should vote for Measure 97?

Anyone who cares that Oregon has the 4th lowest graduation rate in the nation and the third largest class sizes – because that's where the bulk of the revenue will go.

Anyone who cares that 1 in 4 Oregonians still do not have health insurance – because the money will also go to subsidize health insurance for those who can't afford it.

Anyone who cares that more than 47,000 Oregon seniors live in poverty, a 22 percent increase over the last decade – because that is also where the money will go.

Any resident of Oregon who thinks he or she is paying too much in taxes already – because the reason the rest of us pay as much as we do is that Oregon is *dead last* among all states in corporate taxes collected.

Who should vote against Measure 97?

Only 0.2 percent of all registered businesses in Oregon have more than \$25 million in-state sales annually, and therefore are affected by the tax. So only the people who own those few, large corporations have any personal reason to vote against M97.

But guess what? Almost none of these wealthy people live in Oregon, and therefore will not be able to vote against M97 themselves. So instead they are having their corporations spend \$24 million and counting trying to con Oregon residents into thinking that low and middle income Oregonians will pay.

Lies opponents are telling Oregonians

Lie 1: M97 will cost an average Oregonian \$600.

Not true! Opponents take the number \$600 from the Legislative Revenue Office (LRO) Report on M97. But \$600 came simply from dividing the total amount of new revenue the LRO projected M97 would generate per year by the number of taxpayers in Oregon. It



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simply says that if the state collects \$3 billion more a year in taxes this means that state taxes per capita will rise by \$600. It says nothing about how much M97 will cost anybody in particular, much less an average Oregonian. Imagine Oregon decided to collect \$3 billion more a year in taxes from one Oregonian – say Phil Knight. This would also increase state taxes per capita by \$600, but clearly it would not cost anybody in Oregon except Phil Knight a penny, unless he managed to pass on his tax increase by raising the price of Nike shoes sold in Oregon. Similarly, since according to the LRO, only 1051 large corporations will pay the entire \$3 billion, this will increase state taxes per capita by \$600, but it will not cost anybody else a penny unless the affected corporations raise their prices in Oregon. Which brings us to the opposition's second lie.

Lie 2: The tax will be passed on as higher prices and therefore paid for by Oregon consumers, including those with low incomes.

Not true! You can be sure this will not happen for all these reasons:

- If the 1051 corporations who must pay the tax could pass it on as higher prices to consumers they would not be spending \$24 million to defeat M97!

- The affected corporations engage in national pricing strategies and charge the same amount for products in different states even though corporate taxes differ from state to state. Alaska has the highest corporate taxes, Washington has the 24th highest, Idaho has the 33rd highest, and Oregon is dead last and has the 50th highest. But the price of a box of Honey Nut Cheerios is \$3.79 at Target in all four states. The price of a roll of duct

tape at Lowes is \$12.98 in all four states. A Lego set at Toys "R" Us is \$29.99 in all four states. And a tube of Banana Boat sun screen at Walmart is \$10.73 in all four states.

- Studies show that differences in state taxes have no statistically significant impact on prices. Oregon consumers have been paying the same as consumers elsewhere even though our corporate taxes are the lowest of any state. We will continue to pay the same as consumers elsewhere after we raise taxes on large corporations because they engage in national pricing.

- If a company that pays the tax tries to pass it on to consumers by raising its prices they will lose customers to the 99.8 percent of businesses who do not pay the tax. It's called competition!

- In wholesale and retail 62 percent of sales will be unaffected by the tax increase. In manufacturing 72 percent of sales will be unaffected. In health care and social assistance 69 percent of sales will be unaffected. In construction 84 percent of sales will be unaffected. In all but three of 15 sectors the LRO uses to study the Oregon economy, more than 50 percent of sales will be unaffected by the tax.

- Economic theory predicts, and empirical evidence confirms that in situations like this affected firms will be afraid to raise prices because they will lose customers to their competitors.

Lie 3: The \$3 billion M97 will raise annually will not be spent on education, health care, and seniors but frittered away on something else.

Not true! The measure on your ballot says that all revenue raised is "dedicated to education, health care, and senior services." And the voter pamphlet elaborates: "Approximately 80 percent of the state budget is already in education and health care, so there is a strong propensity for the money to go to those areas if M97 passes." The truth is that any other way of increasing revenue would be less likely to actually go to education, health care, and seniors.

Lie 4: Measure 97 will damage small businesses.

Not true! Any business with less than \$25 million in-state sales annually will not pay a penny more in taxes. So it does not harm them at all. Moreover, since small businesses have to compete with the 1051 large corporations that will have to pay more, Measure 97 helps small businesses because it helps even the playing field for them versus their larger competitors.

Lie 5: Measure 97 will damage farmers.

Not true! The tax affects you only if you are a corporation, and only if you have more than \$25 million in state sales. Oregon farming families, like smaller businesses in other industries, will not pay a penny more in taxes and will be helped in their competition with large corporate agricultural businesses that are affected by the tax.

Moreover, sales of farm co-ops to their members are exempted from M97's tax, and rural Oregon in particular is in desperate need of the resources for schools, health care, and senior services that M97 will provide.

Lie 6: It is better to let our legislators come up with a way to raise revenues if necessary after M97 is defeated at the ballot box.

Not true! This may be the most cynical and biggest whopper the opposition is spreading. Since 1996, passing a tax increase through the Oregon state legislature requires a 3/5 super majority. As a result we have complete gridlock in Salem on taxes, where Democrats have a majority but not a super majority. If we don't break the logjam by passing M97 as a ballot measure this fall the revenue shortfall will only get worse and worse.

Conclusion

We have an opportunity to finally invest in education and public services at a level we can be proud of. Don't be conned by the likes of Comcast, Wells Fargo, and Chevron. A yes vote puts you on the side of Oregon's educators, PTAs, nurses, firefighters, and community groups. A yes vote will solve decades of revenue shortfalls in Oregon. A yes vote will finally hold large corporations accountable for paying their fair share. Vote yes on 97.

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