

Senator proposes cuts to personal income taxes, new tax on corporations

By HILLARY BORRUD and PARIS ACHEN Capital Bureau

SALEM — A lawmaker from Beaverton Monday introduced a proposal to cut income taxes for many low- and middle-income Oregonians and levy a new tax on corporations.

Sen. Mark Hass, D-Beaverton, pitched the concept as an alternative to a corporate tax measure proposed for the November ballot by the union-backed group Our Oregon.

Hass' package would eliminate the state's corporate income tax and instead impose a 0.39 percent tax on all corporations' sales in Oregon, a model that Ohio adopted in 2006.

His bill has support from Senate Democrat leadership, but faces a major hurdle in the Oregon House where Democratic leaders have so far refused to consider an alternative corporate tax measure.

Senate Majority Leader Ginny Burdick, D-Portland, said resistance from business and labor groups to any alternative has also dulled the prospects for legislation.

"There just has not been the kind of interest that you need to make a move like this and have it succeed," Burdick said.

Senate Democrats on Monday listed tax reform as one of their priorities for the 2016 session, even though they acknowledged the issues would likely receive nothing more than discussion.

"When people ask me personally what is the one thing we could do to help Oregon, I say completely revamp our tax system," said Senate Majority Whip Sen. Elizabeth Steiner Hayward, D-Beaverton.

"We see the crises we have every time we have a recession because we are so dependent on our personal income tax so we need to think about that."

— Senate Majority Whip Sen. Elizabeth Steiner Hayward, D-Beaverton



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Hass said the Legislature could either pass its own corporate tax plan, or refer a measure to voters in November.

"While the rhetoric continues to escalate, a compromise is now sitting here on the shelf," Hass said.

But Hass said lawmakers could hold a special session to pass a tax bill, just as it did in 2012 to help Nike.

Hass' proposal could lead to the creation of 4,454 new jobs, with 2,903 in the public sector and 1,551 in the private sector, according to analysis by legislative economists.

A tax on corporate sales, also known as gross receipts, is a tax on consumption that Legislative Revenue Officer Paul Warner described as "slightly regressive."

On average, Hass' proposal would result in a tax cut for households with disposable annual incomes of up to \$58,000, He said.

federal earned income tax credit.

Economists in the Legislative Revenue Office helped Hass develop the proposal, and they estimated it would raise an additional \$1 billion annually.

State economists project \$500 million in taxes for K-12 and higher education in the 2017 through 2019 budget cycle and they found the tax would likely generate more in the future, with \$550 million for education in the 2019 through 2021 budget cycle.

"We would expect that the (corporate tax revenue) would grow," Warner said.

The economic benefits of Hass' proposal primarily stem from the income tax cuts. The Legislative Revenue Office recently analyzed a nearly identical corporate sales tax scenario, and found it would cause a net loss of 9,000 jobs.

Legislative economists have estimated Our Oregon's corporate tax measure might generate \$2.65 billion annually for the state, but are still working on an analysis of the economic impacts of the tax, for example on employment and consumer prices.

Oregon man to plead guilty to planting fake bomb on plane

PORTLAND (AP) — A United States citizen accused of falsely reporting there was a bomb a Dutch airliner is scheduled to plead guilty.

Police arrested Sean Michael Davies, 22, of Warrenton, Oregon, last year on charges he constructed a fake bomb, then placed it in the restroom during a KLM Royal Dutch Airlines flight from Amsterdam to Kilimanjaro, Tanzania.

Prosecutors said Davies' motive was to look like a hero.

The Warrenton, Oregon, man pleaded not guilty last year and a trial was scheduled to start Tuesday in Portland.

Federal prosecutor Charles Gorder said he expects Davies to plead guilty to conveying false information concerning a

device which could destroy or damage an aircraft. Another charge will be dropped in the plea agreement.

Davies' attorney, federal public defender Ruben Iniguez, did not return a phone message seeking comment.

Gorder said the fake bomb was comprised of things one could bring onto a plane or obtain during a flight, including a wine bottle, earphones, an iPhone charger cord and e-cigarette battery.

"A bunch of different things that make it kind of look like a bomb," Gorder said.

Gorder declined to talk about the recommendation that comes with the plea deal, saying he must wait for the hearing.

U.S. Magistrate John V. Acosta allowed Davies to remain out of jail as the case went through the court system. Davies had to relinquish his passport and stay in Oregon.

CDC says Chipotle outbreak of E. coli appears over

WASHINGTON (AP) — Looks like it's safe to bite into that burrito.

The federal agency that monitors public health says the outbreak of E. coli illness linked to Chipotle restaurants that sickened 60 people appears to be over.

The Centers for Disease Control and Prevention said Monday the most recent illness reported to the agency started on Dec. 1.

Although the CDC closed its investigation, the source of the illness that spread to 14 states is still unknown. Chipotle executives say they may never be able to identify what made people sick.

Denver-based Chipotle Mexican Grill Inc. undertook an aggressive revamping of food preparation methods at its more than 1,900 locations. But the outbreak drove the

company's stock down by 26 percent over the past three months and it warned in December of a potentially sizeable hit to profits.

Its stock rallied following the CDC announcement, closing Monday up \$19.67, or 4.3 percent, at \$472.64.

"We are pleased that the CDC has concluded its investigation, and we have offered our full cooperation throughout," the company said in a statement. It added that it's confident that changes in its preparation methods mean all its food is "delicious and safe."

People usually get sick from Shiga toxin-producing E. coli, the bacteria commonly associated with foodborne outbreaks, for two to eight days after swallowing the germ, according to the agency. Most infected people get diarrhea and abdominal cramps.

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