

We can save our schools, protect the vulnerable, and still have the lowest corporate taxes in the West.

An open letter to Oregon's business community on the legislature's corporate tax measure

Since the legislature's adjournment, we realize there's been some confusion over the corporate tax package recently signed into law by the Governor.

We believe that this is the time for a clear-eyed consideration of the facts and a fuller assessment of the stakes for Oregon's future. With that in mind, we'd like to present what the corporate tax measure actually does:

- **Replaces the \$10 corporate minimum** with a sliding rate equal to about *one-tenth of one percent* of Oregon sales. Protects small businesses by setting the minimum at \$150 for corporations with sales below \$500,000, and caps it for corporations with sales above \$100 million.
- **Increases tax rate on corporate profits above \$250,000** by 1.3% to 7.9 percent, until 2011. In 2013, the rate returns to the current 6.6 percent on all profits below \$10 million; profits above \$10 million will continue to be taxed at 7.6 percent.

It's important to note that **the new tiered corporate minimum only applies to C-corps**, who will pay approximately one-tenth of one percent of revenues, compared to the Washington Business & Occupation tax, which is *nearly five times as high*¹. **S-corps, partnerships and LLCs will pay only the \$150 minimum.**

Specifically, here is how the new tiered minimum is structured:

Corporation Type	Minimum Tax
S-corps	\$150
LLC	\$150
C-corps: if Oregon sales are...	... minimum tax will be:
less than \$500k	\$150
\$500K – \$1m	\$500
\$1m – \$2m	\$1,000
\$2m – \$100m	\$1,500 – \$75,000 @approx 0.1% of sales
>\$100m	\$100,000

Oregon corporate taxes will still be the lowest in the West.

Oregon will continue to have the lowest level of corporate taxation in the West, and among the lowest in the nation. In Washington, state and local taxes on corporations account for 5.5% of gross state product; in Idaho, it's 4.7%. In California and Nevada both, it's 4.6%. The national average is 4.9%. In Oregon, the figure is now 3.7%; after the increases, it will be 3.8%, *tied for 48th in the nation*.²

Public employees are sharing the sacrifice. According to the contract that was just settled with the Governor, state employees are taking an average of 13 unpaid furlough days this biennium. That's a pay cut of 2.5% for workers, most of whom make less than \$41,000. Public employees also sacrificed anticipated cost of living adjustments, a previously agreed-to longevity payment, and other meaningful concessions.

We need your help to defend Oregon. If these measures are overturned, whatever concerns there are about the legislative process will pale in comparison to the deep cuts that will be felt in schools, nursing homes, and all of our communities. This conversation started in the legislature, but its ultimate impact will be felt in every Oregon classroom.

There are many business leaders who want to play a positive role in helping to move Oregon forward, and who have nothing in common with the narrow ideological forces that are working to repeal these measures. There's never been a more important time for leadership from the business community to help defend our great state.



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