



# News Release

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**For Immediate Release**  
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## **Failure of Measure 28 Will Hurt Oregon's Economy**

(Silverton, Oregon) Failure to enact Measure 28 will damage Oregon's economy, according to a new analysis released today by the Oregon Center for Public Policy. Measure 28 is a temporary income tax increase referred to the voters by the Legislature as a way to avoid further cuts to the state budget.

Oregon's economy will lose \$1.5 billion over the next two and one-half years if Measure 28 fails, according to the report, *A Step in the Right Direction: Measure 28 and Oregon's Economy*. State budget cuts triggered by Measure 28's failure will result in hundreds of millions of dollars in decreased state spending, lost federal matching dollars, and decreased spending among workers laid off due to state budget cuts, the report shows.

The report also documents \$205 million in decreased consumer spending that would likely result because of the increase in income taxes in Measure 28.

"The damage caused by Measure 28's failure is considerable. Any decreased consumer spending because of Measure 28 is trivial in comparison," noted Jeff Thompson, economist with the OCPP and co-author of the report.

The report notes that some Oregonians are likely concerned about the tax increases in Measure 28 because of Oregon's current slow and uncertain economic recovery. "These concerns are misplaced," said Thompson. "Oregonians concerned about the economy have 1.5 billion reasons why they should support Measure 28," he continued.

"The small reduction in consumer spending caused by Measure 28 would actually be smaller than the reduced consumer spending driven by its failure," Thompson added.

The report documents that job losses in the long-term care sector, which includes nursing homes and assisted living centers, would likely be large due to reduced state general and federal matching funds. Job losses in the long-term care sector would reach more than 730 by June 30, 2003 and 2,610 over the following two years.

"Because most of the tax increase in Measure 28 will be levied on upper-income households, they will be able to afford it with little difficulty and little reduction in their spending patterns," said Thompson.

The report documents that the typical Oregonian will pay \$70 per year over the three years of the temporary income tax increase, less than \$6 per month. The highest-income one percent of Oregonians, with incomes averaging about \$800,000, will pay \$2,130 per year. The highest-income one percent will pay 21 percent of the total increase in Measure 28, while the top fifth will pay two-thirds of the increase.

"Affluent Oregonians reaped most of the gains of the 1990s economic boom and received massive federal tax cuts from the Bush administration just last year. They can afford the tax increase contained in Measure 28," noted Thompson.

The report also addresses issues related to long-term economic growth and Oregon's business climate. "Oregon already has the lowest business tax burden in the West, but its economic center may soon have the shortest school year in the country," said Thompson. "The small corporate income tax increase in Measure 28 is inconsequential when compared to the impact of further budget cuts on schools and other public services that Oregonians, including businesses, rely on," Thompson added.

The report notes that business location literature consistently identifies taxes as being much less important for business decisions than public services, including education, public safety, and infrastructure.

A copy of the OCPP analysis, *A Step in the Right Direction: Measure 28 and Oregon's Economy*, is available at [www.ocpp.org](http://www.ocpp.org).

The Oregon Center for Public Policy is a non-profit, non-partisan research institute that uses research and analysis to advance policies and practices that improve the economic and social prospects of low- and moderate-income Oregonians, the majority of Oregonians.