



EXECUTIVE SUMMARY

204 N. FIRST ST., SUITE C • PO BOX 7 • SILVERTON, OR 97381 • WWW.OCPP.ORG • 503-873-1201 • FAX 503-873-1947

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Preventing Self-Inflicted Wounds: Voting Yes on Measure 30 is Critical for Oregon's Economy

By Jeff Thompson

In February, Oregon voters will decide the fate of a \$1.1 billion revenue package adopted by the 2003 legislature. Voting "yes" on Measure 30 will shore up state programs and services that have been undermined by a weak economy. The failure of Measure 30 would drain \$1.9 billion from the economy at a time when Oregon is attempting to sustain a fragile economic recovery.

Opponents of Measure 30 argue that increased taxes in the legislative revenue package would interfere with Oregon's economic recovery. Analysis of legislative revenue package, however, shows that its failure would be worse for the economy:

- Failure of Measure 30 will drain over \$1.9 billion from Oregon's economy compared to only \$347 million if it succeeds.
- Budget cuts that will be implemented if Measure 30 fails will drain \$282 million in federal matching funds from Oregon's economy over the next three years.
- If Measure 30 succeeds, \$120 million in reduced federal income taxes, due to the deductibility of state income taxes on federal income taxes, would be available for Oregon's economy.

If Measure 30 fails, decreased spending by state government will trigger public and private sector job losses. In the 2003-05 budget, education spending would be cut by \$428 million, public safety by \$83 million, and human services programs by \$269 million.

Voters will still be paying lower taxes even if they approve Measure 30, due to a series a large federal tax cuts. Middle-income Oregonians will pay \$81 under Measure 30 in 2003, but also receive an \$844 federal tax cut. The richest one percent of Oregonians will pay \$4,084 under Measure 30, and benefit from a \$36,500 federal tax cut.

Measure 30 will have little impact on Oregon's business climate. Oregon already has among the lowest business tax burdens in the country, and ranks favorably for overall business costs. Education and public safety, two state services that are more important for business location decisions, face millions of dollars in additional cuts if Measure 30 fails.