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New Report On Oregon's Spending and Taxes Shows Increased Spending Did Not Cause Budget Crisis and Taxes are About Average

As Oregonians finish sending in their state income taxes, a new report released today by the Oregon Center for Public Policy finds that Oregon's level of government spending per person is close to the national average and has remained constant, relative to income, in recent years. The report analyzes the most recent U.S. Census Bureau data that rank tax and expenditure levels of state and local governments.

"Contrary to claims of anti-government activists, government spending in Oregon is not high compared to other states and did not increase in recent years. General spending from state and local funds kept pace with economic growth up through 2000 and for most of the two previous decades," said Jeff Thompson, economist and policy analyst with the Oregon Center for Public Policy. "Our budget woes are due to a revenue shortfall and the anemic economy, not spending decisions," he added.

"The Census data also show that only twelve other states dedicated a smaller share of their income to state and local taxes than Oregon," said Thompson. "What we've done is shift some funding of state and local government from taxes to fees and other charges. When you add in those fees, we're not really different than other states."

The report documents that Oregon is not a high spending state. "When it comes to our level of spending, government in Oregon is about average," said Thompson. General expenditures of state and local governments, less federal aid, in Oregon are close to the national average. Oregon's state government ranks 27th for general expenditures not counting federal aid.

"Claims that Oregon is a 'high spending' state are misleading, because they include federal dollars that the state spends," noted Thompson.

"They also include the spending of local governments and non-general expenditures, such as the expenses associated with stocking and operating state-run liquor stores. Unlike many other states, Oregon operates state-owned

liquor stores, resulting in state spending that ultimately produces a profit," said Thompson.

Thompson also noted that some uniquely Oregon characteristics are associated with Oregon's spending levels. "For example, we spend government dollars on ports while landlocked states don't, and voters passed the tough-on-crime Measure 11 that substantially boosted required spending on corrections."

"The reality facing the Governor and the Legislature is that Oregon ranks 27th in spending," said Thompson. "When it comes to state government spending, the anti-government crowd is wrong. Compared to other states, things don't look different here."

The report also puts rankings into perspective for decisions faced by the Legislature and Oregonians on how to balance Oregon's budget. "How Oregon ranks against other states is irrelevant to Oregon's ability to afford the public goods and services that our state and local governments provide," said Thompson.

"Just because your neighbor lets his or her lawn grow wild has no bearing on whether you can afford a lawnmower. The same goes for the state. Just because another state may not provide a service has no bearing on whether Oregon can afford to provide the service," Thompson said.

The Oregon Center for Public Policy 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.

NOTE TO EDITORS AND REPORTERS:

The full text of the report, ***Making Sense of Taxes and Spending in Oregon***, is available at the OCPP website, <http://www.ocpp.org/es030415.htm>.

Also available is a link to a one-page summary of the Oregon data in ***State Income Tax Burdens on Low-Income Families in 2002*** by the Washington, D.C.-based Center on Budget and Policy Priorities and a copy of the Oregon data sheet. The one page summary of the report notes that for 2002 taxes, Oregon has the second highest income tax burden on low-income (125 percent of poverty) families of four in the nation, and the ninth highest income tax burden on three-person families at poverty.