



NEWS RELEASE

**Embargoed For Release
Hold Until Sunday, December 21, 2003,
A.M. News Cycle**

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Two New Reports Heat Up Debate on Measure 30

(Sunday, December 21, 2003, Silverton, OR) Two new reports released today by the Oregon Center for Public Policy are heating up the debate over Measure 30, a revenue package designed to balance the state budget and avoid further cuts to education, public safety and human services in the current and next budget cycle. Oregonians will vote on Measure 30 in a February 3, 2004 special election. Ballots will be mailed out in mid-January.

Economic Impacts Assessed

One report, *Preventing Self-Inflicted Wounds*, shows that Oregon's economy will lose \$1.9 billion over the next three years if Measure 30 fails. The public policy research institute calculated that state budget cuts triggered by Measure 30'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 contrasts the \$1.9 billion hit to Oregon's economy if Measure 30 fails with \$347 million in decreased consumer spending that would likely result because of the increase in taxes in Measure 30.

"Oregonians concerned about the economy have 1.9 billion reasons why they should support Measure 30," noted Jeff Thompson, economist with the OCPP and author of the report. "If the measure fails, Oregon's economy will lose \$1.9 billion in reduced consumer and government spending. If it succeeds, the economy loses only \$347 million in spending."

The Center's report notes that some Oregonians are opposing the tax increases in Measure 30 because of Oregon's sluggish economy. "Measure 30's opponents are confused about the economics of this measure. Those urging a 'no' vote are asking Oregonians to inflict a \$1.9 billion wound on Oregon's hobbled economy," said Thompson. "Oregon's economy needs a 'yes' vote on Measure 30 and can ill-afford the \$1.9 billion cut," he added.

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 and one of the lowest in the country, but our public education, public safety and human services programs are mired in a seemingly never-ending funding crisis," said Thompson.

"The small corporate income tax increase in Measure 30 is inconsequential when compared to the impact of further budget cuts on schools and other public services that Oregonians, including businesses, rely on every day," Thompson added.

The report documents that without Measure 30 the education budget will be slashed by \$428 million in 2003-05, public safety programs will lose \$83 million, and human services programs \$269 million.

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.

Who Pays Under Measure 30 Revealed

While legislative staff reports have looked at two separate components of the tax measure, the Oregon Center for Public Policy's second report, *A Small Price to Pay: Measure 30 Asks Little of Most Oregonians* documents the impacts of the entire measure on Oregonians at various income levels. The OCPP report shows that the typical Oregonian net tax increase will be \$81 per year over the three years of the temporary income tax increase, less than \$7 per month. The highest-income one percent of Oregonians, with incomes averaging about \$710,000, will pay \$4,084 in extra taxes as a result of Measure 30.

"Increased taxes under Measure 30 are modest and affordable," commented Thompson. "Overall the revenue package is based on the long standing principle that Oregon's taxes should be based on ability to pay, and properly asks affluent households to pick up most of the increase."

The report also notes that Oregonians will still pay less in overall taxes even if Measure 30 is approved, due to large federal tax cuts in recent years. "The richest one percent of Oregonians will get \$36,500 in federal tax cuts in 2003, almost nine times greater than what they will pay under Measure 30," said Thompson. "That is still a huge tax cut," he continued.

"Because most of the tax increase in Measure 30 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 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.

NOTE TO REPORTERS AND EDITORS:

PDF files of the reports and this news release are available at:

Preventing Self-Inflicted Wounds

Executive Summary: http://www.ocpp.org/2003/es031221_E.pdf

Full Report: http://www.ocpp.org/2003/rpt031221_E.pdf

A Small Price to Pay

Executive Summary: http://www.ocpp.org/2003/es031221_D.pdf

Full Report: http://www.ocpp.org/2003/rpt031221_D.pdf

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