



## Mike Salsgiver leads the fight against Measures 66 and 67

By Jeff Mapes, The Oregonian

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In a 27-year career that included stints as a U.S. Senate aide, a top state economic development official and a lobbyist for Intel, Mike Salsgiver learned to love the grand political deal and to avoid high-profile public fights.

But now Salsgiver, who heads the Oregon branch of **Associated General Contractors**, is a key figure in the campaign to overturn the corporate and income taxes passed by the Legislature.

Salsgiver gives voice to the anger sweeping through the state's business community, which is accustomed to getting its way with the Legislature on taxes.

Salsgiver, a former member of the Centennial School District board, says he understands that lawmakers faced a tough budget situation this year. But he can't accept being steamrollered.

"This is really beyond taxes," Salsgiver, 54, says over a pasta lunch one day near his Wilsonville office. "This is a question of relevance."

If the business community can't stop the Legislature now, he asks, what's to keep lawmakers from hitting them again and again on taxes?

Salsgiver's argument -- which legislative leaders insist is unfair and inaccurate -- is a big motivating factor in the business alliance that is fueling the campaign opposing Measures 66 and 67.

Though their commercials hit the traditional anti-tax themes -- the state is wasting too much money, and taxes shouldn't be raised during a recession -- Salsgiver and business lobbyists don't always turn their thumbs down to new taxes.

Salsgiver and his colleagues in the construction industry spent much of the legislative session fighting to raise taxes -- on motorists. They won passage of a bill that will eventually increase vehicle fees and gas taxes by more than \$300 million a year.

### Both sides of the aisle

Salsgiver approached the session figuring that the Legislature would have to raise some taxes to balance the budget given the gathering economic storm. And that was OK with him. He says he figured a wide variety of the major players in the Capitol would get together and hash out a deal and that he would be part of it.

After all, Associated General Contractors is one of the major donors to legislative campaigns and is known for working both sides of the aisle. In the most recent cycle, the group gave more to Democrats -- about \$146,000 -- than it did to Republicans, who got about \$81,000.

"You know," says Salsgiver, "we bring people in, we fight like cats and dogs ... but ultimately there is a common vision for the state."

Not in this case, he says. Salsgiver was among a small group of business lobbyists who held some key meetings with legislative leaders. But he complains that they weren't allowed to weigh in on how much business should pay compared with personal income taxpayers, or what kind of spending cuts might be part of the deal.

House Speaker Dave Hunt, D-Gladstone, says he spent a lot of time working with business leaders on the tax package. And he insists the Democrats made plenty of concessions in an attempt to win business backing -- or at least to get them to sit on the sidelines.

They trimmed the size of the tax package and made only half the increases permanent, Hunt says. The speaker says his union allies also had to accept a smaller package than they wanted.



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From his office in Wilsonville, Mike Salsgiver runs the Oregon branch of Associated General Contractors, one of the state's most powerful trade associations. Like many business lobbyists, he's working overtime to defeat the tax measures on the Jan. 26 ballot.

**How much**

Hunt argues that business lobbyists were unrealistic to expect lawmakers to pass a personal income tax increase on most Oregonians. Conservative anti-tax activists could have easily killed that in a referendum, even without business backing, Hunt says.

Instead, the tax increase affects fewer than 3 percent of taxpayers, individuals with a taxable income of more than \$125,000 and households with incomes more than \$250,000.

The business lobby "may have felt like they had the ability to come in and write legislation," says Hunt, "or they had the ability to veto legislation. No one has that right with us."

## would it cost you?

To calculate the impact of Measures 66 and 67 on your household or business and to see previous news coverage, [click here](#).

### **Economic transformation**

With a strong Democratic majority, legislators did something they simply couldn't before in modern Oregon history: pass a tax increase over determined business opposition.

In 2002 and 2003, the Legislature passed, with business acquiescence, broad-based income-tax surcharges. Both were defeated by voters.

Meanwhile, over the past quarter century, the Legislature repeatedly reduced business taxes to spur the state's economic transformation. Lawmakers cut corporate taxes so that firms such as Intel and Nike are taxed only on their Oregon sales. And they allowed local governments to cap property taxes for major business investment projects.

Salsgiver says those programs created thousands of jobs in Oregon and generated personal income taxes that pay for government services.

In his view, Measures 66 and 67 do the reverse by discouraging business investment.

"You couldn't have designed a worse tax for us," says Salsgiver, referring to the construction industry. "We're high volume, low margin. Our guys are lucky to get 1.5 percent to 2 percent on a job, if that."

Paying a minimum tax on sales will be onerous to many of his members that are struggling to stay in business, he says.

Supporters of the tax say most companies don't pay corporate taxes at all (instead, their owners pay personal taxes on the profits they receive from their firms). Those firms will see their minimum tax rise from \$10 to \$150 a year.

And supporters say firms subject to the corporate tax will be taxed one-tenth of 1 percent of sales. The amount is capped at \$100,000, and about 230 companies in the state have the \$100 million in sales required to reach that threshold.

Steve Novick, who is working on the pro-tax campaign, criticizes Salsgiver for supporting gas taxes and other vehicle fees that will take a similar bite out of the average Oregon family as the tax measures will take out of corporations.

"The only conclusion you can reach is that Mr. Salsgiver believes that roads are more important than schools, and corporations deserve better treatment than families," said Novick, who ran for the U.S. Senate last year.

Salsgiver says contractors will pour about \$300,000 into the anti-tax campaign before the Jan. 26 vote. He says he hopes it will force the legislative leadership to sit down and negotiate a new budget deal, which he says could potentially include new taxes.

Hunt, however, says legislators won't be in any mood to raise any taxes if voters reject Measures 66 and 67. The only alternative will be to cut budgets for schools and other services, he says.

The speaker says that legislators also might have to reduce building projects, which will wind up hurting the construction industry. It's an example of "cutting off your nose to spite your face," Hunt says of Salsgiver's opposition to the tax measures.

Salsgiver bristles at such talk.

"If the measures pass, and these tax increases are put into place," he says, "the near-term practical effect is to underscore the message to business (that) 'You really don't matter. You are simply here to write us a check.'"

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