

For Immediate Release

August 27, 2009

For More Information, Contact:

Charles Sheketoff (503) 873-1201
Joy Margheim (503) 873-1201
Juan Carlos Ordóñez (503) 873-1201

Latest Revenue Forecast Shows That Even With Tax Increase, Corporations' Share of Income Taxes Still Lags

(Silverton) — Even with the corporate tax increase enacted by the 2009 legislature, corporations will still be contributing nowhere near the share of total Oregon income taxes that they paid three decades ago. That's what the Oregon Center for Public Policy found after analyzing data from the revenue forecast issued today by state economists.

"The corporate tax increase is a modest but important step toward tax fairness," said OCPP executive director Chuck Sheketoff. "But in spite of the corporate tax measure, working families and small businesses will continue carrying the load for corporations."

When the corporate tax measure fully takes effect in the 2013-15 budget cycle, corporate income taxes will comprise 6.8 percent of all Oregon income taxes, while the personal income tax paid by individuals will comprise the remaining 93.2 percent, according to OCPP.

The 6.8 percent corporate share will be an uptick from the 6.3 percent share that corporations paid in the 2007-09 budget cycle that ended in June, but nowhere near the 18 percent share that corporations paid in the 1973-75 biennium, the Silverton-based think tank said.

"Despite the relatively modest shift, the corporate tax measure will protect the state budget in future budget periods," said Sheketoff. He noted that according to today's revenue forecast, personal income tax revenue won't be as strong in 2011 through 2015 as state economists were predicting earlier this year.

"Revenue from the corporate tax measure will pick up some of that slack and will help fund Oregon's Rainy Day Fund," he added.

"The legislature acted responsibly in enacting a balanced budget plan that included tax increases with budget cuts to meet the \$4 billion revenue shortfall," said Sheketoff. "Without the new revenue, Oregonians would be

Latest Revenue Forecast Shows That Even With Tax Increase, Corporations' Share of Income Taxes Still Lags

August 27, 2009

Page 2

staring at even deeper cuts to schools, health and human services and public safety.”

The Oregon Center for Public Policy is a non-partisan research institute that does in-depth research and analysis on budget, tax and economic issues. The Center's goal is to improve decision making and generate more opportunities for all Oregonians.