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## **Experts Debunk Claim That Tax Measures Would Cost Jobs**

### **Tax Policy Center calls arguments “misleading” and “fatally flawed”**

(Silverton) — The central argument by opponents of Measures 66 and 67, that the measures will cause Oregon to lose jobs, is “without merit,” according to experts at the Urban-Brookings Tax Policy Center. They said the claim rests on “misleading analysis” and “fatally flawed assumptions.”

The Washington, D.C.-based center picked apart the work of Oregon economists Randall Pozdena and William Conerly, who have argued that raising taxes on high-income Oregonians and corporations would cause the state to lose tens of thousands of jobs. Opponents of Measures 66 and 67 — funded by banks, big corporations and rich individuals — have added together the upper limits of Pozdena’s and Conerly’s estimates and trumpeted the total as the centerpiece of their campaign.

“The Tax Policy Center’s analysis shows that the campaign against Measures 66 and 67 is relying on phony job numbers shoddily cooked up by hired-gun economists,” said Chuck Sheketoff, executive director of the Oregon Center for Public Policy. “No matter how many times they are repeated, the job-loss claims aren’t worth the paper they are printed on.”

OCPP requested the analysis by the Tax Policy Center, a joint venture of the Urban Institute and the Brookings Institution. The center is staffed by nationally recognized experts in tax, budget and social policy who have served at the highest levels of government.

Tax Policy Center co-director Roseanne Altshuler and senior associate Kim Rueben conducted the analysis. A former professor of economics at Rutgers University and former editor of the *National Tax Journal*, Altshuler has served on a presidential tax reform panel and advised congressional committees and foreign governments on tax matters. Rueben is an adjunct fellow at the Public Policy Institute of California and specializes in issues of state and local public finance.

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Altshuler and Rueben concluded that Pozdena, a senior economist at the ECONorthwest consulting firm, “wrongly” based his job-loss estimate on an international study of the impact of corporate tax changes. Not only are the findings of that study “irrelevant” in the case of industrialized countries such as the U.S., but they are inapplicable to corporate tax changes at the state level.

The tax policy experts also criticized Pozdena for failing to take into account the economic impact of losing federal dollars, a likely outcome should the tax measures fail at the ballot box. Without the revenue from the tax measures, Oregon would be forced to cut spending, which in turn would deprive the state’s economy of federal matching funds.

Other economists have similarly noted the importance of federal dollars. They include 36 Oregon economists who issued an open letter in October endorsing the tax measures and economists at the nonpartisan Oregon Legislative Revenue Office.

Altshuler and Rueben also reviewed and rejected the claims by Conerly, a self-employed consulting economist and chair of the board of Cascade Policy Institute, who has argued that raising Oregon’s top marginal income tax rate on wealthy Oregonians would lead to job losses. They noted that a 2005 analysis by the Tax Policy Center’s then co-director Len Burman had shown that Conerly’s economic model employed “fatally flawed assumptions.”

“Burman knew better than anyone that Conerly’s model was defective because, among its faults, Conerly’s analysis misrepresented Burman’s own research,” said Sheketoff, who in 2005 asked Burman to review the Conerly model.

At the heart of Conerly’s current job-loss claim is the assumption that taxes harm the business climate, a supposition rejected by the Tax Policy Center experts. As did Burman, Altshuler and Rueben said that a state’s attractiveness to individuals and businesses depends on many factors, including the quality of public services.

“To thrive, businesses and Oregon families need good schools, job training programs, small-business support centers, courthouses that are open Monday through Friday, cops on the beat and many other public structures,” said Sheketoff. “Protecting public structures that Oregonians and businesses rely on every day is the goal of Measures 66 and 67. It’s why Oregonians need to vote ‘yes’ in January.”

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Without the revenue raised by the measures, the Oregon legislature in all likelihood would be forced to cut education, public safety and health and human services, which together make up about 93 percent of the state's General Fund budget. The fiscal shortfall caused by the recession has already forced cuts in those three areas.

The measures "are reasonable responses to the unprecedented drop throughout the nation in state tax revenues due to recent economic crisis," Altshuler and Rueben said. "We believe these measures will help ensure that Oregon has sufficient revenue to maintain essential services including spending on education and health care."

Sheketoff hoped that the Tax Policy Center's analysis would prompt voters and the media to scrutinize more closely the claims made by the "no" campaign.

"The stakes are very high in this election," said Sheketoff. "Oregonians need to base their vote on the facts, not numbers trumped-up for the benefit of the big business lobby."

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.