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Oregon Corporations Quietly Receive 23 Percent Reduction in 2005 Taxes

(Silverton, OR) – Without the Legislature taking a single vote, Oregon corporations finished the 2005 legislative session scoring a 23 percent reduction in their 2005 corporate income taxes, according to the Oregon Center for Public Policy. This will happen because revenue receipts in the 2003-05 budget period significantly exceeded official state revenue projections.

The tax cut, commonly referred to as the "kicker," is currently projected to total $62.6 million. The final calculation will be included in the "close of session" revenue forecast in the September economic and revenue forecast by the Office of Economic Analysis. Corporations will take the kicker tax cut as a credit against their 2005 tax liability.

"Oregonians won't be able to hold their legislators accountable to a vote on this tax cut because it takes action by the Legislature to stop the corporate kicker and the Legislature didn't have the gumption to put the issue to a vote," said Charles Sheketoff, executive director of the Oregon Center for Public Policy.

"They just sat back and let the tax cut happen, while also doling out other permanent tax cuts for Oregon corporations and cutting programs and services Oregonians use and rely upon each day," noted Sheketoff.

"The next time Oregonians hear the Oregon business community gripe about Oregon's inadequate investments in education and other public services, we should remind corporate Oregon that their greed helped cause the problem," said Sheketoff. He said none of the major business groups – the Oregon Business Council, the Oregon Business Association, and Associated Oregon Industries – "seriously pushed" to have the Legislature suspend the tax cut.

Oregon corporations are now paying less than 5 percent of Oregon's income taxes, down from 18 percent in the mid-1970s. The kicker tax cut only benefits profitable corporations, not new or struggling businesses more likely to need help rebounding from the recession.

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According to the public policy research center, about half of the total tax cut will flow to only 50 or so Oregon corporations, while ninety percent of the total tax cut will be bestowed on fewer than four out of every 100 corporations. "Multistate corporations are the biggest winners, not the small businesses that are the backbone of Oregon's economy," Sheketoff said.

Sheketoff noted that many Oregonians think the Legislature should have invested additional funds in public services.

"Instead of investing more in the public services that Oregonians rely upon and benefit from every day, the Legislature actively increased corporate giveaways and passively allowed the corporate kicker tax cut to kick. Fattening the coffers of already-profitable corporations was apparently a higher priority for the Legislature than adequate public investments in children's welfare, child care, education, crime prevention, and health care," said Sheketoff.

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