

**For Immediate Release**

March 3, 2009

**For More Information, Contact:**

Charles Sheketoff (503) 873-1201  
Michael Leachman (503) 873-1201

## **Business Group Says Oregon Business Taxes Are Second Lowest Among All States and District of Columbia**

### **Oregon could raise business taxes by \$1.6 billion and still be in line with nation**

(Silverton) — A new study funded by big corporations found that Oregon has the second lowest state and local business taxes among all states and the District of Columbia and that businesses get a better deal for the taxes they pay in Oregon than just about anywhere else in the country.

The study's data suggest that Oregon's state and local business taxes are so low that the state could raise business taxes by \$1.6 billion annually and still be in line with state and local business taxes nationwide, according to OCPP executive director Charles Sheketoff.

In the study, Oregon tied with Connecticut for the second lowest business taxes — state and local taxes combined — as a share of the state economy among all states and the District of Columbia. Only North Carolina has lower business taxes than Oregon, according to the study.

The accounting firm Ernst & Young conducted the study on behalf of the Council On State Taxation (COST), an association of over 600 multistate and international corporations that lobbies on state tax policy. COST does not disclose its membership list, so it is not known which multistate or multinational businesses operating in Oregon are members of COST.

“The big business lobby says that Oregon is one of the cheapest states in the nation when it comes to taxes,” said Sheketoff.

Sheketoff said the study finds that businesses in Oregon pay state and local taxes totaling 3.7 percent of the private economy, compared to 4.9 percent for businesses nationwide. “Using COST's figures, we've calculated that Oregon could increase business taxes by \$1.6 billion annually and we'd just reach the level of state and local taxes being paid by businesses nationally,” he said.

The COST study also claimed that Oregon's ratio of business taxes to public expenditures directly benefiting business tied with Virginia's for the second lowest

## **Business Group Says Oregon Business Taxes Are Second Lowest Among All States and the District of Columbia**

March 3, 2009

Page 2 of 2

in the nation. Only Nevada got more business services for their business tax buck than Oregon.

“Oregon businesses are getting a heck of a deal compared to their counterparts in all but one other state, if this study published by big business is to be believed,” said Sheketoff.

The public policy research center noted that although COST is the nation’s largest state tax lobby on behalf of multistate and multinational corporations, COST does not show up as a registered lobbyist in the Oregon Government Ethics Commission’s records. “COST apparently doesn’t bother lobbying in Oregon to bring down taxes for businesses, because by its own estimation, the state is already at the bottom,” Sheketoff commented.

Sheketoff cautioned that the COST study has methodological flaws that skew the numbers, painting a picture that states have high taxes and that businesses get little for the money. He said that the study inflated the share of taxes paid by businesses by including taxes that businesses may pass on to consumers and workers but excluded a great deal of public spending that benefits business. Sheketoff cited the example of the study counting all unemployment insurance taxes as business taxes but not counting any benefit to business from the payment of unemployment insurance benefits.

“Even though they designed the study to paint states as having high taxes and few services that benefit businesses, Oregon came out as tied for having the second lowest business taxes in the nation and for getting the second greatest bang for their business tax buck,” he added.

The study’s definition of public expenditures that benefit businesses also erroneously excluded most spending on education, as well as all spending on child care subsidies, Medicaid and housing and community development, according to Sheketoff. The study’s definition of taxes paid by businesses included an estimate of the personal income taxes that business owners pay when they use “pass-through entities” like limited liability companies and partnerships.

“They used a broad definition of business taxes and Oregon still came out tied for second lowest business taxes among the 50 states and the District of Columbia,” said Sheketoff.

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.