

Respect Oregonians' historic "yes" vote

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By **Guest Columnist**

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A year ago Oregonians glowed under the national spotlight. Facing a severe fiscal crisis brought on by the recession, Oregonians voted for a modest tax increase on the wealthiest households and corporations to help protect our schools, our health and human services, and our public safety system.

The resounding victory of Measures 66 and 67 demonstrated that Oregonians had cut through the fog of misinformation churned by big business during the campaign. Oregonians said "yes" to protecting important public structures and Oregon's economy. But as the anniversary of the historic vote arrives, efforts are underway to undermine the will of Oregon's voters. Some lawmakers have introduced bills that completely undo or chip away at Measures 66 and 67. And that's why Oregonians must once again raise their voices in defense of the public structures that we value.

That bills seeking to undo the tax measures have surfaced comes as no surprise. Even after losing, opponents of the measures never stopped campaigning and have persisted in spreading misinformation. The state's continued revenue shortfall, unfortunately, has provided opponents of the measures an opportunity to continue to mislead. Inexplicably, they blame the measures for our revenue deficit. The cause of the shortfall is no mystery. The Great Recession was deeper and longer than the state economists assumed when they issued the projections that formed the basis of the 2009 Legislature's budget-balancing package. That package included not only painful cuts to key services but also the revenue instruments that became Measures 66 and 67. Oregon's budget would be in worse shape had Oregon voters said "no" to the measures.

Months after the vote, a state economist told the Legislature, "It's safe to say that without Measures 66 and 67 we would be in absolutely lower level of revenue than we are now." With one year of personal income tax returns fully filed, state economists now say that Measure 66 alone is bringing in an additional \$333 million this budget period, and next budget cycle will generate \$245 million. The amount generated goes down because on the first day of next year (2012) the wealthiest households will see their top tax rate drop 10 percent.

Besides the efforts to repeal the measures outright, some lawmakers have proposed legislation that would partially override the will of the voters by creating a work penalty. The proposals would lower the income tax on capital gains -- income earned not from a paycheck but from the profitable sale of assets such as stocks, bonds and real estate. It's the rich who disproportionately have income from capital assets, so a cut in the income tax on capital gains would undo much of Measure 66's increase in the marginal tax rate for Oregon households making more than \$250,000 a year.

In one sense, cutting the income tax on capital gains is even more insidious than simply repealing Measure 66, because it confers preferential tax treatment for the fortunate few who enjoy investment income. Stated differently, it would mean that Oregon would tax

income earned from a paycheck at a higher rate than income derived from investments. Handing a big tax break to the wealthiest Oregonians at the expense of everyone else could not be more at odds with the will of Oregonians reflected in last year's historic vote. Such a move would take needed money away from our schools and other critical public services -- exactly the opposite of what voters demanded a year ago.

As the 2011 legislative session gets underway, some lawmakers are prepared to do what millions of campaign dollars from big business could not accomplish in January 2010. That's why Oregonians again must raise their voices in defense of the public structures that we value and ensure that the legislature respects the will of voters.

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