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## Study lauds low Oregon business taxes, but the tax war continues

By Jeff Mapes, The Oregonian

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The big champions of the Oregon tax measures voters approved in January were gleefully spreading the news Tuesday of a new report from a business group showing that Oregon is tied with two other states for the lowest business tax burden in the country.

The report from the **Council on State Taxation** shows that state and local business taxes took 3.5 percent of Oregon's gross state product in 2009, which is the lowest in the nation, along with Delaware and North Carolina.

The **Oregon Center for Public Policy**, which championed the tax hikes, lauded the report as evidence that business could afford to "chip in a bit more" to help the state get out of its budget hole. In fact, the Silverton-based think said Oregon would have to raise an extra \$1.7 billion more from business to get to the national average, a figure that will certainly raise the blood pressure of business of folks who fought against the tax increases.

The report wasn't exactly a surprise, since the 2008 version pegged Oregon as the third-lowest in the country and was heavily leaned on by proponents. And we'll have to wait until 2010 to see how the passage of Measures 66 and 67 affect the state rankings. By all indications, though, it won't have that big of an impact.

Opponents, who remain at fever pitch about the tax hikes, were quick to say that Oregon's business tax burden, as measured by the Council on State Taxation, was never really the issue.

"In the absence of a sales tax, we would be in a low tier of business taxes," said J.L. Wilson, vice president of governmental affairs at Associated Oregon Industries, "but it doesn't mean the way we are taxed wasn't extreme."

He argued that Oregon's high income taxes - the state's personal tax rate is now among the highest in the country - discourage investment. He said AOI has long supported a sales tax, even though it would raise the business tax burden, because it would take pressure off the income tax (which is what investors and business executives personally pay).

I expect this Cold War to continue. Businesses complain about a lousy investment climate, liberals point to the low business tax burden and a sales tax remains a political non-starter.

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