News Release

For Immediate Release

April 20, 2011

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Corporate Study Says Oregon Has Second Lowest Tax Rate on New Investments

Fiscal policy group calls on legislature to stop "corporate tax subsidies"

A newly released corporate-funded study concluded that Oregon had the nation's second-lowest "effective business tax rate" for new investments among all states and the District of Columbia. Only Maine had a more "competitive" tax structure than Oregon.

"This study is further proof that it would be a serious mistake for Oregon lawmakers to reduce business tax rates or grant yet more corporate tax subsidies," said Chuck Sheketoff, executive director of the Oregon Center for Public Policy. "Oregon business taxes are already low, and the loss of revenue would only harm Oregonians and the state's business climate."

The study was conducted by the accounting firm Ernst & Young on behalf of the Council On State Taxation (COST), an association of multistate and multinational corporations that lobbies for lower business taxes in states across the country. [COST represents about 600 corporations, including major Oregon employers such as Nike, Intel, Hewlett-Packard, US Bank and Xerox.

The COST study compared the state and local business taxes that would be incurred by corporations investing in new facilities or expansions of existing facilities. The analysis takes into account the state tax structures in place in 2009, as well as any changes scheduled to become law through 2014.

While the authors note that "non-tax cost factors are usually more significant [than taxes] in determining the overall cost of operating a facility in each state," they nevertheless produced the report because COST believes taxes can be a factor "between states with otherwise similar non-tax costs."

As the COST study arrives, Oregon lawmakers are contemplating a number of bills that would grant more tax preferences for corporations and well-off Oregonians. Proponents claim that such tax changes will attract new investment in Oregon.

Among these are several proposals to give preferential tax treatment to income from capital gains, as well as tax-credit subsidies to insurance companies, real estate developers and corporations that undertake research and development.

But according to Sheketoff, the study released today by a lobbying arm of some of the nation's largest corporations shows that "corporations in Oregon are getting off easy when it comes to helping fund important public services from which corporations themselves benefit."

Sheketoff also argued that the legislature should leave alone Measure 67, approved by the voters last year. Some lawmakers are proposing to repeal or weaken the measure, which modestly increased the tax rate on profitable corporations and set a new corporate minimum tax.

"Oregon voters were right to modernize our $10 a year corporate minimum tax and to ask the most profitable corporations to chip in a bit more in taxes," said Sheketoff. "The measure is helping support schools, health and human services and public safety."

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.

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