

For Immediate Release

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Corporate Study Says Oregon Has Nation's Fifth Lowest Business Taxes

A corporate-funded study says that Oregon has the fifth lowest “total effective business tax rate” in the country, a ranking that takes into account the tax increases put in place by Measures 66 and 67.

The study conducted by the accounting firm Ernst & Young on behalf of the Council On State Taxation (COST) said that the total state and local taxes paid by Oregon businesses amounted to 3.8 percent of Oregon’s private sector economy in fiscal year 2010.

Businesses in only four other states — Connecticut, Delaware, Maryland and North Carolina — contributed a lower share in state and local taxes relative to the size of the state’s private sector economy, according to the COST study.

COST is 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.

“Even the lobbying arm of big corporations recognizes that Oregon has low business taxes, a fact unchanged by Measures 66 and 67,” said Chuck Sheketoff, executive director of the Oregon Center for Public Policy. “The COST study once again documents that there’s room for Oregon corporations to contribute more to support the public structures from which they also benefit.”

COST releases its study annually. OCPP noted that each report has ranked Oregon as having low business taxes.

The just-released study estimated the taxes paid by businesses to state and local governments from July 2009 through June 2010 in most states. Though enacted by voters in January 2010, Measures 66 and 67 took effect in tax year 2009, when the legislature approved the measures.

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The COST study took into account corporate income taxes, which increased in Oregon as a result of Measure 67. The study also factored in gross receipts taxes, business property taxes, sales and excise taxes paid by businesses on their input purchases, franchise taxes, business and corporate license taxes, unemployment insurance taxes and "other state and local taxes that are the statutory liability of business taxpayers."

The study also treated as a business tax "the individual income taxes paid by owners of non-corporate (pass-through) businesses." As such, "the study factored in the impact of Measure 66, which raised personal income taxes for high-income earners," Sheketoff said.

The COST study is "a starting point for comparing" tax levels across states, its authors said, providing "one metric that can be used to evaluate a state's business tax structure, but is not a clear indicator of the competitiveness of a state's business tax system."

For an assessment of a state's "competitiveness of state and local taxes on new business investment," the authors pointed to a different COST study released in April of this year. In that COST competitiveness study, Oregon ranked second best in the nation.

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.