

**For immediate release**

**For More Information, Contact:**

**June 29, 2016**

Tyler Mac Innis, (978) 994-1634  
Juan Carlos Ordóñez, (503) 310-7138

## **Study: Oregon corporate taxes have fallen dramatically over decades**

As Oregonians mull raising taxes on large corporations this November, a new study finds that Oregon corporate taxes — both income and property taxes — have fallen dramatically over recent decades. The report released today by the Oregon Center for Public Policy attributes the decline to the various ways corporations have “gamed the tax system.”

“Thriving communities depend on having well-funded schools and other public services that benefit everyone, not just the few,” said Tyler Mac Innis, policy analyst at the Center. “Paying for those services becomes harder when corporations rig the tax system to shirk tax responsibilities.”

In terms of income taxes, the corporate contribution has declined as a share of the Oregon economy, the report said. By that measure, the corporate income tax has sunk by more than half since the late 1970s.

The sharp decline is also evident when considering the share of all income taxes collected by Oregon that corporations pay, versus the share paid by individuals and families. The corporate share has fallen from 18.5 percent in the mid-1970s to 6.7 percent today.

“The decline in corporate income taxes has been no accident, but rather the result of corporations gaming the system,” said Mac Innis. By “gaming,” he referred to corporations lobbying for and winning tax subsidies and loopholes, pursuing aggressive tax sheltering strategies and utilizing new corporate forms largely exempt from corporate income taxes.

Along with the decline in income taxes, corporations have also enjoyed a reduction in their property taxes, the report found. Not only have they won tax subsidies that reduce their property tax obligations, corporations also benefitted greatly from seismic changes to Oregon’s property tax system in the 1990s.

First came Measure 5, which slashed property taxes, including property taxes paid by corporations. Then came Measure 50, which locked in property taxes at a time when commercial property was inexpensive relative to residential property, according to the report.

“It’s no surprise that Oregon ranks dead last — the lowest business taxes among all states — given how far corporate income and property taxes have fallen over the years,” said Mac Innis. “We must increase corporate taxes if Oregon is to have the great schools and other public services that make our communities thrive.”

In November, Oregon voters will decide whether to raise corporate income taxes. A measure on the ballot would establish a 2.5 percent tax based on the Oregon sales of C-corporations with sales that exceed \$25 million. According to Oregon’s Legislative Revenue Office, the measure would raise

more than \$6 billion each budget period, mainly from large, multi-state corporations headquartered outside Oregon.

The Oregon Center for Public Policy ([www.ocpp.org](http://www.ocpp.org)) is a non-partisan, non-profit 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.

**Note to editors and reporters:** Read *The Gaming and Decline of Oregon Corporate Taxes*, June 29, 2016.