Raise Taxes on the Rich

Oregon cannot achieve economic justice or eliminate racial disparities without taxing the rich. Taxing the rich is an essential step toward an Oregon where everyone lives with dignity.

Despite Oregon being a prosperous state in one of history's richest countries, economic insecurity is widespread, afflicting both rural and urban areas. In 2018, after nearly a decade of economic growth, 44 percent of all Oregonians earned too little to afford basic household necessities. Over four decades, the income of the Oregonian in the middle has stagnated. Meanwhile, the incomes of the rich have exploded and are higher than ever. With most of Oregon's recent economic gains flowing to well-off families, it's no surprise that so many Oregonians struggle to make ends meet.

Because of centuries of economic exclusion, as well as racist policies and systems that remain unaddressed, people of color face even greater levels of economic insecurity. A Black, Latino, or Indigenous Oregonian is more likely than a white Oregonian to endure poverty, and national data shows people of color are more likely to suffer from unemployment, food insecurity, and housing insecurity. On the flipside, the rich in Oregon are an overwhelmingly white group.

Making Oregonians of all races more economically secure requires investing in their well-being: housing, education, transportation, health care, and more. And the fairest way to pay for these investments is to increase taxes on the highest earning Oregonians.

The following are specific ways Oregon can tax the rich.

### Raise tax rates at the top, especially for millionaires

**The reform:** Increase the tax rates on income over $250,000 from 9.9% to 11%, and create a new tax bracket for income over $1 million with a rate of 13%.

**Who pays:** Only people making more than a quarter-million dollars a year are affected, a group that makes up roughly the richest 4 percent of Oregonians.

**Revenue raised:** $608 million in a full biennium
The reform: Oregon needs to end a set of reduced tax rates available only to certain owners of pass-through businesses. These lower tax rates apply to the first $5 million in annual profits for these owners. This can result in the business owner paying lower tax rates on their profits than their employees pay on their wages.

Who pays: The vast majority (93%) of this tax break flows to people making over $200k.

Revenue raised: $240 million in a full biennium

Curb tax breaks for the rich by limiting itemized deductions

The reform: When preparing their tax returns, Oregonians can either take the standard deduction or they can itemize their deductions – they can claim tax subsidies provided through the tax code. Itemized deductions disproportionately benefit the rich because they have more deductions and the value of the deduction is larger because of their higher tax rates. These advantages can be reformed by phasing out itemized deductions starting at $500k and ending them completely at $1 million in income.

Who pays: This provision explicitly targets high-income earners who also have significant itemized deductions. The only ones impacted are those in the top 1%.

Revenue raised: $302 million in a full biennium

Combined revenue raised: $1.4 billion in full biennium

Contact for more information or to get involved:

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Note: Citations and sources are available upon request. Much of the data is based on prior OCPP publications, such as our State of Working Oregon series, revenue estimates from the Legislative Revenue Office and Department of Revenue, and research by the Center on Budget and Policy Priorities. Income brackets listed are for joint filers, single filers would face half the threshold. Revenue estimates assume a 2022 effective date and are for the next full biennium (2023-25).