



FAQs

Frequently Asked Questions About Measures 66 & 67

Why these measures?

Measures 66 and 67 make our tax system fairer and protect critical services. **Right now, more than two-thirds of corporations doing business in Oregon pay just \$10 a year in the corporate minimum income tax.** The corporate minimum hasn't changed since 1931. At the same time, the economic crisis is threatening Oregon's ability to fund essential services like education, healthcare, and public safety, making life more difficult for Oregonians state-wide.

Over 90% of the budget goes to these essential services. We can no longer afford for two-thirds of corporations to pay just \$10 a year while Oregon's working families struggle to make ends meet.

What do Measures 66 and 67 do?

The measures raise the \$10 corporate minimum for the first time since 1931, and increase the marginal tax rate on the richest Oregonians (those who make more than \$250,000 a year). At the same time, by preventing cuts to essential services, these measures make sure that the burden of this crisis doesn't fall to middle-class families, who are already struggling to make ends meet. For a more detailed representation of Measures 66 and 67, please see the attached charts.

How do Oregon corporate taxes compare to other states now, and how will they compare after the tax reform measures are adopted?

Oregon will continue to have the lowest corporate taxes on the West Coast. Washington's Business & Occupation tax, at 0.47%, is almost 5 times higher than Oregon's new corporate minimum tax, at 0.1% of Oregon sales, and has no upper limit on what corporations pay.

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Furthermore, according to the Council on State Taxation, prior to the tax fairness measures, Oregon had the 3rd lowest corporate income taxes in the nation. Under the new plan, according to the Legislative Revenue Office, **Oregon will have the 5th lowest corporate taxes** – still close to the lowest in the nation, and lower than any other West Coast state.

How will Measures 66 and 67 affect small businesses?

Measures 66 and 67 are designed to protect small businesses. Measure 67 keeps taxes low for smaller businesses:

- **Partnerships, LLCs, LLPs, and S-corps** – the corporate forms of most small businesses – **will only pay a flat \$150 corporate minimum**, regardless of income or profit.
- Sole proprietorships will continue to pay \$0 in Oregon business taxes.
- For C corporations, the corporate minimum income tax will be about one-tenth of one percent of total sales inside Oregon. Small businesses with sales less than \$500,000 will also pay just \$150. It is important to note that C corporations will pay either the new minimum or the profits tax, never both.

For C corporations, the 1.3% increase in the profits tax applies only to profits above \$250,000. In 2013 the tax decreases; only a 1% increase will remain, and will only be applied to profits above \$10 million.

Measure 66 only applies to personal income; for a business owner, that means his/her share of the profits, after paying all business expenses, including wages. Not many small business owners make over \$250,000. In fact, **93% of small business owners will not be affected by Measure 66.**

The members of Oregon Small Businesses for Responsible Leadership helped draft and have endorsed Measure 67. They believe this measure is fair to small businesses and they know that Oregonians depend on education, health care and public safety.

How will the measures help Oregon's unemployed?

Measures 66 and 67 provide tax relief for those who have lost their jobs, while preserving and creating jobs in Oregon. **Under the new law, the first \$2,400 in benefits for the unemployed will be exempt from state taxation in 2009, providing tax relief for over 270,000 Oregonians** who have been affected by the recession. Moreover, Measures 66 and 67 keep hundreds of millions of dollars circulating in Oregon's economy, at local businesses, increasing demand and protecting jobs when we need them most.