

Citizens' Review Statement

This Citizens' Statement, authorized by the 2011 State Legislature, was developed by an independent panel of 20 Oregon voters overseen by the Citizens' Initiative Review Commission. The panelists were randomly selected from registered voters in Oregon and balanced to fairly reflect the state's electorate based on location of residence, party registration, age, gender, education, race and ethnicity, and likelihood of voting. Over a period of four days, the panel heard from initiative proponents, opponents, and independent experts. The panelists deliberated about the measure and produced this statement. This statement has not been edited, altered, or approved by the Secretary of State.

The opinions expressed in this statement are those of the members of a citizen panel and were developed through the citizens' review process. They are NOT official opinions or positions endorsed by the State of Oregon or any government agency. A citizen panel is not a judge of the constitutionality or legality of any ballot measure, and any statements about such matters are not binding in a court of law.

Key Findings

These findings were ranked by citizen panelists, starting with the most important for voters to know.

- Measure 97 is an amendment to an existing law (ORS 317.090), that would revise the minimum corporate income tax for C-corporations making over \$25 million in Oregon sales.
- The revenue generated by Measure 97 can be utilized according to the priorities identified by the Oregon legislature.
- If passed, the estimated 6 billion dollars generated would represent a 25% increase in overall state revenue biennially.
- Approximately 80% of the state budget is already in education & health care, so there is a strong propensity for money to go to those areas if M97 passes.
- M97 raises the corporate minimum tax on sales above \$25 million on large and/or out-of-state C corporations, affecting less than 1% of businesses in Oregon.
- Our state's primary revenue is generated from income tax, which can be volatile. If passed, this could provide more economic stability.
- M97 taxes sales, not profits. It would require C corporations to pay 2.5% on sales over \$25 million, even when they make no profit or lose money. That could hurt C corporations that have slim margins; like grocery stores, medical clinics and some farms.
- If a business chooses to leave Oregon and continues to do business in the state they will still be subject to the corporate tax.
- According to Roberta Mann, a law professor at the University of Oregon, if this measure passes, it is likely that 75% of the tax burden would be borne by shareholders & investors rather than being reflected in increased pricing for goods & services.

Statement in Support of the Measure

We, 11 members of the Citizens' Initiative Review, support Measure 97 for the following reasons:

- Measure 97 would raise \$3 billion annually, allowing for major investments in education, healthcare, and senior services. This revenue could improve Oregon's low graduation rates, make healthcare more accessible, and provide 20,000 more seniors with in-home care.
- Oregon schools & critical services have been underfunded for decades. According to accounting firm Ernst & Young, Oregon ranks last (50th) with the lowest rate of corporate taxation in the country. To increase the ranking to 49th, the state would need to raise an additional \$1.5 billion a year in corporate tax revenue.
- Oregon state expenditures are growing faster than tax revenue, according to Mark McMullen, State Economist, and Ken Rocco, Oregon Legislative Fiscal Officer.
- Each corporation that would be subject to the taxes under Measure 97 would have the opportunity to write off their state taxes against their federal tax.
- Without new revenue sources, Oregon faces an estimated \$750 million a year of new budget cuts. Measure 97 could raise \$3 billion a year to fund education, healthcare, and senior services, as determined by the legislature.

We are currently in a crisis of underfunded public education, healthcare, and senior services. The passage of Measure 97 would quickly fix this. The measure would provide a more stable economic base for all Oregonians. We believe that fairness, responsibility, and accountability are the core values at stake in this matter.

(11 of 20 panelists took this position)

Statement in Opposition to the Measure

We, 9 members of the Citizens' Initiative Review, are opposed to Measure 97 for the following reasons:

- A nonpartisan study by the Legislative Revenue Office says M97's tax could increase costs consumers pay for essential goods and services, costing a typical family \$600 more per year.
- The Legislative Revenue Office report stated that if M97 passes it could result in a 1% lack of creation of jobs.
- The estimated overall impact of M97 is based on an assumption that consumers would receive 50% of the burden, however the actual burden on consumers cannot be determined.
- A nonpartisan Legislative Revenue Office study shows 97's tax is regressive. It could increase consumer costs for food, medicine, clothing, housing, utilities and other essential goods and services.

The passage of M97 would create a regressive tax. A regressive tax takes a larger percentage of income from low income earners creating an unnecessary burden on many Oregon families. One of the major risks of passing M97 is significant job loss. Another result of passing M97 could be a large increase in costs to corporations resulting in increased costs to consumers. This could lead to decreased economic stability and bring financial harm to all Oregonians. Efficiency, transparency, and fairness are the core values at stake in this matter.

(9 of 20 panelists took this position)

Disclaimer: This vote indicates that if this microcosm of people, who are reflective of the demographics of Oregon, were to vote on this measure today, this is how they would vote.