



IP28: A PROPOSAL TO FUND SCHOOLS AND SERVICES BY RAISING THE CORPORATE MINIMUM TAX

Oregon's economy is only working for large corporations, not our state's working families. Oregonians are working harder than ever but are taking home less: The average Oregonian is getting paid \$1,000 to \$2,000 less today than they were in 2002.¹ At the same time, corporate profits have risen by 170%, and they just reached a new record high last quarter.²

While profits soar, corporate taxes in Oregon continue to lag our neighboring states and the rest of the country. Oregon has the country's lowest corporate taxes. This has resulted in a lack of resources for schools, healthcare, and other critical human services.

Oregon has severely underfunded schools and services. While many Oregon families are struggling to get by, so too are the services and schools that they rely on:

- Nearly 3,400 teachers have been laid off in the last decade.³
- We have the third largest class sizes in the nation⁴ and one of the shortest school years.⁵ More than 200,000 Oregonians don't have access to health insurance, including 13,000 children.⁶
- Career and Technical Education Programs have been slashed: In the 90s, there were 1200 such programs; today there are only 641.³
- Only 1 in 6 eligible families are served by Oregon's work-connected child care program — for more than 80% of eligible parents, unaffordable childcare makes going to work a challenge.⁷
- Since 2008, there has been a 29% increase in the number of seniors living in poverty.^{7,8}

Oregon has the lowest corporate taxes in the country. Our state's funding problem is rooted in Oregon's very low corporate tax rate.

- Oregon ranks 50th in corporate taxes,¹⁰ due in large part to the fact that most corporations (72%) pay just the minimum, and those minimums are very low.¹¹
- Corporations with more than \$25 million in Oregon sales paying minimum taxes pay the equivalent of only 3 cents for every \$100 in sales.¹¹

Tax Revenue \$ Millions, Inflation Adjusted to 2014 \$



Our proposal: Increase the corporate minimum tax for large and out-of-state corporations so we can have the schools and services Oregon needs.

After years of research, polling, and discussion, a coalition of parents, teachers, small businesses, labor, elected leaders, and community organizations have come together behind Initiative Petition 28 — a proposal to raise the corporate minimum tax to 2.5% when sales in Oregon exceed \$25 million. The measure would make significant investments in early education, K-12 education, healthcare, and senior services.

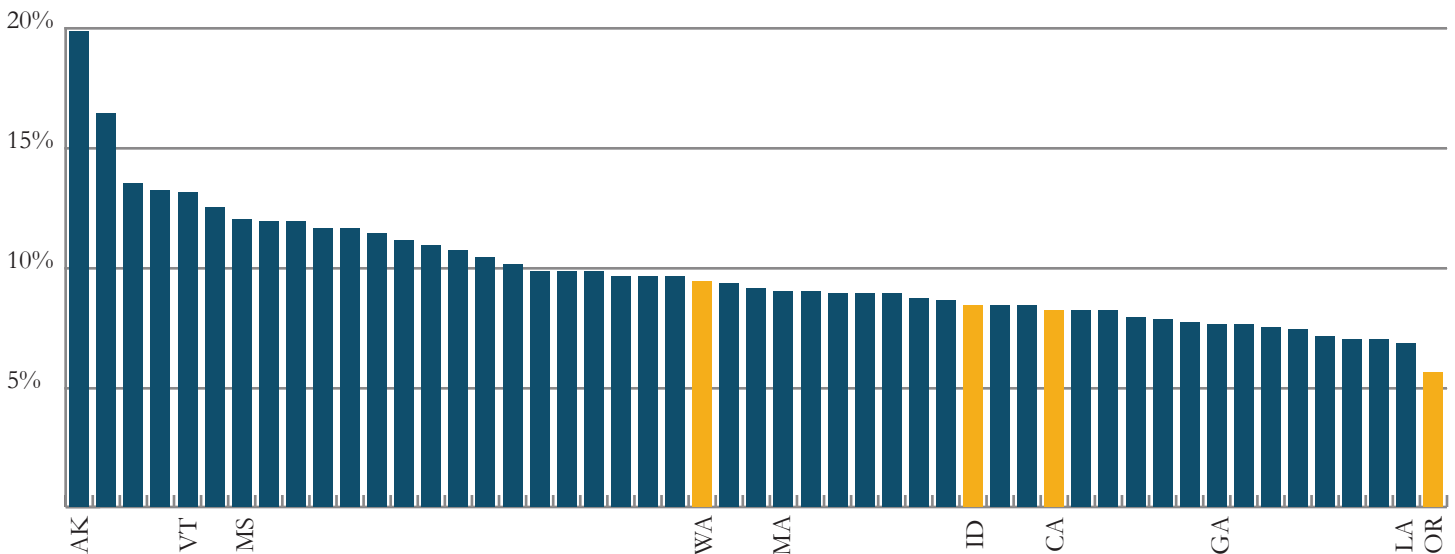
Raising the corporate minimum tax will allow us to address our state’s biggest problems and adequately fund the schools and services Oregonians deserve. The Legislative Revenue Office (LRO) estimates the measure will raise \$5 billion in the next biennium.

This measure was designed to boost Oregon’s economy:

- Raising the minimum tax on the biggest corporations with sales in Oregon levels the playing field between big business and Oregon’s small businesses. **Currently, small businesses pay 8 times the tax rate of big corporations.**¹ By targeting the largest corporations only, our proposal creates a more balanced and competitive economic environment for small businesses.
- The new minimum tax will move us from 50th place to 40th — still the lowest corporate taxes on the West Coast.¹⁰
- Oregon will remain a competitive place to do business. At the rates we propose, we’d still need to raise our corporate taxes by an additional \$3 billion per biennium to match the taxes corporations pay in the state of Washington.¹⁰
- This measure will give us the ability to hold the largest corporations accountable. Large corporations have avoided paying their fair share in taxes by hiding profits overseas — our proposal is based on Oregon sales over \$25 million in Oregon, which are far more difficult for corporations to hide.

Initiative Petition 28 will allow us to finally make the critical investments Oregonians deserve. It addresses the long-time problem of corporations avoiding paying their fair share in our state. Oregon shouldn’t have the country’s lowest corporate taxes — we can’t afford it. **This is our chance to make game-changing investments in Oregon.**

State Business Tax Rankings 2013



1. Analysis based on data from the Oregon Department of Revenue
 2. Federal Reserve Bank of St. Louis
 3. Oregon Department of Education
 4. National Education Association
 5. Education Commission of the United States
 6. Oregon Healthy Authority
 7. Oregon Department of Human Services
 8. Kaiser
 9. U.S. Census
 10. Anderson Economic Group
 11. Oregon Department of Revenue