Do our taxes and budget reflect Oregonians’ priorities?
Our Oregon is Oregon’s progressive coalition, working for social and economic justice and fighting to protect Oregon’s priorities.
Education

2nd largest K-12 class sizes in the country

One of the shortest school years

University tuitions increasing ~3x faster than inflation
Transportation

¼ of the states bridges are either structurally deficient or functionally obsolete

American Society of Civil Engineers
Public services

Over 1/3 of the state’s population received food stamps in 2013
Pop Quiz!

1. What share of personal income in Oregon is claimed by the Top 1%?  
   16%

2. What share of income gains in Oregon between 2011 and 2012 went to the Top 1%?  
   $3.4 billion (56%)

3. How much larger is the income of the Top 1% of the Top 1% than the median taxpayer’s income?  
   500 times larger ($17.7M vs $35k)

4. What are the average tax deductions taken by the bottom 99% and the Top 1% of the Top 1%?  
   $8,300 vs $2.2M
What I want to cover today

Winners and losers in Oregon’s economy

Oregon’s tax system

What we can do about it
Oregon’s economy has outpaced the U.S. economy
Economic gains have gone to boost corporate profits

% OF OREGON GSP


Gross operating
Employee compensation

Bureau of Economic Analysis, GDP data
Changes in wages in Oregon

Change in hourly wages by percentile of wages, 2002-2013, adjusted for inflation

For most families real income has declined by 27%.
The Top 1%

Oregon Department of Revenue, average adjusted gross income for full-year filers, 2012
Most of the Income Going to the Wealthiest People is Unearned

- Bottom 99%: 90% Earned income, 7% Unearned income, 4% Business income
- Bottom 99% of the top 1%: 46% Earned income, 30% Business income, 25% Unearned income
- Top 1% of the top 1%: 66% Earned income, 26% Business income, 9% Unearned income

Oregon Department of Revenue 2012
Who owns all the corporate stock?

- Top 1% owns 52%
- 90-99% owns 38%
- Bottom 90% owns 10%

Corporate profits in billions, 2013 $

Survey of Consumer Finances, 2007

Corporate profits after tax, adjusted for inflation to 2013 $, with recessions.
Federal Reserve Bank of St. Louis
How do corporations boost profits?
Outsourcing jobs

U.S.-based multinational companies added jobs overseas during the 2000s and cut them at home. Cumulative change since 1999

- Jobs outside U.S.
- Jobs in U.S.

3.0 million

1.5

0

-1.5

-3.0

1999 2001 '03 '05 '07 '09

(preliminary)
Report: Walmart Workers Cost Taxpayers $6.2 Billion In Public Assistance
Lobby for tax breaks and deregulation

$3.24 billion spent lobbying Congress and Federal agencies in 2013

- Finance/Insurance/Real Estate: $490 million
- Health: $485 million
- Misc Business: $484 million
- Communications/Electronics: $394 million
- Energy/Natural Resources: $359 million
- Transportation: $223 million
- Other: $243 million
- Agribusiness: $152 million
- Ideology/Single-Issue: $147 million
- Defense: $135 million
- Construction: $49 million
- Labor: $47 million
Dodging taxes: 
$2$ Trillion in offshored profits

Twenty-Two Corporations Have Most Profits Parked Overseas

Multinational companies have accumulated $1.95$ trillion outside the U.S., up 11.8 percent from a year earlier, according to securities filings from 307 corporations reviewed by Bloomberg News. Twenty-two U.S.-based companies account for $984$ billion or slightly more than 50 percent of the total.

$984$ billion in overseas profits
from $22$ companies
account for more than $50\%$ of total

$963$ billion in overseas profits
from $285$ other companies
in the Standard & Poor's 500 Index

1 – Reporting overseas profits. Excludes purely domestic corporations, companies with headquarters outside the U.S. and REITs that aren’t subject to corporate taxes.

Summary

A system that maximizes corporate profits for the benefit of the Top 1%

An economy that doesn’t work for most Oregonians

A need for significant investment in education, infrastructure and public services
Oregon’s tax system
Pop Quiz!

1. What share of income taxes are paid by corporations?  
   About 7%

2. What is Oregon’s ranking for business tax burden?  
   50th place

3. How much more would Oregon have to raise from corporations to equal the U.S. average?  
   $7.2 billion / biennium

4. What % of corporations pay Oregon minimum taxes?  
   76%

5. What was Oregon’s corporate minimum tax from 1931 to 2009?  
   $10 / year
State and local tax revenue in Oregon

LEGISLATIVE REVENUE OFFICE, 2013 OREGON PUBLIC FINANCE: BASIC FACTS
Effects of Measures 5 & 50

$13 billion less revenue per biennium today because of 1990s property tax cuts
Oregon income tax collections

Oregon income tax collections in millions, inflation adjusted to 2012 $
Oregon has the lowest business taxes in the country

Business taxes as a share of pre-tax business profits

Anderson Economic Group, 2014
How much more would Oregon have to tax businesses to move up the state rankings?

<table>
<thead>
<tr>
<th>To be equal to:</th>
<th>Per biennium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisiana (48\textsuperscript{th})</td>
<td>$2.3 billion</td>
</tr>
<tr>
<td>Idaho (31\textsuperscript{st})</td>
<td>$6.4 billion</td>
</tr>
<tr>
<td>U.S. average</td>
<td>$7.2 billion</td>
</tr>
</tbody>
</table>

Anderson Economic Group; Bureau of Economic Analysis
76% of corporations in Oregon pay the minimum tax

Minimum tax amounts to less than 0.1% of sales

Many profitable companies pay even less than the minimum
## Minimum corporate tax rates

<table>
<thead>
<tr>
<th>Oregon sales ($M)</th>
<th>Before M67</th>
<th>After M67</th>
<th>Average tax/sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $0.5M</td>
<td></td>
<td>$150</td>
<td>0.16%</td>
</tr>
<tr>
<td>$0.5 - 1M</td>
<td></td>
<td>$500</td>
<td>0.07%</td>
</tr>
<tr>
<td>$1 - 2M</td>
<td></td>
<td>$1,000</td>
<td>0.07%</td>
</tr>
<tr>
<td>$2 - 3M</td>
<td></td>
<td>$1,500</td>
<td>0.06%</td>
</tr>
<tr>
<td>$3 - 5M</td>
<td></td>
<td>$2,000</td>
<td>0.05%</td>
</tr>
<tr>
<td>$5 - 7M</td>
<td></td>
<td>$4,000</td>
<td>0.07%</td>
</tr>
<tr>
<td>$7 - 10M</td>
<td></td>
<td>$7,500</td>
<td>0.09%</td>
</tr>
<tr>
<td>$10 - 25M</td>
<td></td>
<td>$15,000</td>
<td>0.10%</td>
</tr>
<tr>
<td>$25 - 50M</td>
<td></td>
<td>$30,000</td>
<td>0.08%</td>
</tr>
<tr>
<td>$50 - 75M</td>
<td></td>
<td>$50,000</td>
<td>0.08%</td>
</tr>
<tr>
<td>$75 - 100M</td>
<td></td>
<td>$75,000</td>
<td>0.08%</td>
</tr>
<tr>
<td>$100M+</td>
<td></td>
<td>$100,000</td>
<td>0.03%</td>
</tr>
</tbody>
</table>

$10 (since 1931)
What can we do about it?
Fight for a Fair Shot:

- Raise the Minimum Wage
- Paid Sick Days
- Fair Pay
- Retirement Security

Raise revenue to reinvest in infrastructure, education and public services
Revenue target

$3 - 6 billion to invest in education, infrastructure and public services
Oregon’s tax system is regressive

Oregon State & Local Taxes
Shares of family income for non-elderly taxpayers

- Lowest 20%: 8.3%
- Second 20%: 7.7%
- Middle 20%: 7.6%
- Fourth 20%: 7.8%
- Next 15%: 7.3%
- Next 4%: 7.4%
- Top 1%: 7.0%

Institute on Taxation and Economic Policy, 2013
Revenue options

- Property taxes
- Sales taxes
- Personal income taxes

1. Politically viable
2. Raises sufficient revenue
3. Right for Oregon’s economy
Who are we really expecting to pay?

Average income, 2012

Annual tax increase with 14.9% top bracket for 250/500k

Percentile breakdown of the top 1%

Oregon Department of Revenue, full year filers 2012
Revenue options

Property taxes

Sales taxes

Personal income taxes

Corporate income taxes
Taxing corporations more

Oregon sales

- Headquartered in Oregon
- Headquartered elsewhere

Oregon Department of Revenue,
FY2011 C corporation sales
What will it take?