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Measures 66 and 67: How do we pay? Let me count the ways

By Guest Columnist
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By Dave Lister


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"Figures lie and liars figure" is an old adage that probably can be applied to both sides in the upcoming election on Measures 66 and 67, the Legislature's tax increases that have been referred to Oregon voters. Both sides have spun the issue into the stratosphere and played fast and loose with their numbers. Proponents say we have low business taxes. Opponents insist our taxes are high and our business climate unfriendly.

But one figure cannot be disputed. Oregon's public employee unions, along with their national affiliates, have spent more than $2 million to convince you that most businesses in Oregon are paying only $10 a year in income tax. That is patently untrue.

I've been the co-owner of an Oregon corporation since 1985. We're organized as a so-called "C-corporation," the kind of corporation that tax measure proponent and former U.S. Senate candidate Steve Novick insists has "lots and lots of shareholders." We have two shareholders: my business partner and myself.

During our 25 years in business, we paid the minimum tax during the handful of years we showed a loss. But most years our Oregon tax has been several hundred to several thousand dollars, depending on profit. And every year, even the losing years, we also paid Social Security tax, Medicare tax, TriMet tax, unemployment insurance tax, workers compensation premiums, county real property tax, county personal property tax, and local business license fees. Beyond that, the wages paid to my business partner, myself and our employees are also subject to Oregon income tax. My accountant and I once did a quick reckoning and concluded that about 45 cents of every dollar coming in went out to pay a tax or a fee.

Under Measure 67, in addition to what we already pay, we will pay a percentage on any sales more than $500,000 per year, whether we make a profit or not. I don't know how you can call a tax on sales anything other than a sales tax, a tax that will be passed on to consumers.

I received a mailer from Our Oregon, the group that gamed the Voters' Pamphlet so its argument in favor of the taxes would appear as the first and last opinion in the opposition section. The group claims the increased taxes will go to health care, public safety and education, but really the money will simply keep the public workers in those departments from experiencing the belt-tightening that private-sector workers have endured.

There's no doubt our state workers care deeply about providing the best possible services to the public. My sister is a public school teacher, and she cares deeply about her students. But do you think the unions would spend that much money just to promote the public good?

A new tax policy study by the Cato Institute seems to indicate otherwise. The study shows that public workers in Oregon, Washington and California enjoy a salary and benefits package that is, on average, 59 percent higher than their counterparts in the private sector.

As far as the "tax the rich" proposal of Measure 66 is concerned, it's not hard to figure out the unintended consequences of its passage. Just across the Columbia River is a state that has no income tax. Look at what former Oregon House Speaker Karen Minnis and her husband, John Minnis, the former director of Oregon's Department of Public Safety Standards and Training, did when they contemplated retiring on their generous PERS pensions. They bought a home in Camas, Wash., where they will pay no Oregon income tax on the retirement income Oregonians provide them.

Dave Lister is a small-business owner who served on Portland's Small Business Advisory Council.