From: salem_update-bounces@lists.oregonstate.edu on behalf of Mills, Jock
To: CAS DeanStaff; CAS Unit Leaders; Salem Update Listserv
Subject: [Salem Update] Oregon House approves two tax bills
Date: Tuesday, June 09, 2009 2:42:52 PM
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House passes two tax bills
By a near party-line vote, the Oregon House voted this morning to approve two revenue bills -- HB 3405 and HB 2649.

- HB 3405 increases the corporate minimum tax from $10 to $150, with additional increases as corporate incomes increase: http://www.leg.state.or.us/09reg/measpdf/hb3400.dir/hb3405.a.pdf
- HB 2649 increases the personal income tax for individual income earners over $125,000 (joint income earners greater than $250,000): http://www.leg.state.or.us/09reg/measpdf/hb2600.dir/hb2649.a.pdf

On HB 3405, Democrat Mike Schaufler (Happy Valley) bucked his party and voted with the Republicans while Republican Bob Jensen (Pendleton) voted with the Democrats giving them the 2/3's margin needed to pass the bill (36-24). Jensen is the lone Republican in the House to co-chair a Ways and Means Subcommittee.

On HB 2649, Schaufler also voted no, but Jensen was joined by Republican Greg Smith (Heppner) resulting in a final tally of 37-23.

Shortly after the vote, Governor Kulongoski issued a release praising the House for its action:

“I want to commend the House of Representatives for the passage of two key revenue bills today, which implement fairness to Oregon’s tax structure and will help us with a balanced approach to our current economic crisis.

“While it would be politically easy to do nothing in the face of Oregon’s economic crisis, today’s vote demonstrates that we are not willing to let short-term fear paralyze our long-term investment in the people of Oregon.

“The passage of this legislation shows leadership and a commitment to Oregon’s future. It shows a dedication to protecting the middle class. It shows a balanced approach to help prevent the most devastating cuts to education, public safety and human services. And it represents a major step toward tax fairness and equity.

“These revenue measures will not solve our budget shortfalls, but they will help thousands of Oregonians during this very trying economic period. I am confident the Senate shares this commitment to Oregon’s future and I look forward to signing these measures into law.”

House Republicans issued a release calling the bills "exceptionally harmful to the state’s small businesses."

Democrats voted to raise taxes on businesses, even though nearly all industrial sectors have lost jobs over the past year. HB 3405 isn't merely an update to the corporate minimum tax, but a new way to tax Oregon businesses whether they're successful or not.

For the complete Republican release:
http://www.leg.state.or.us/press_releases/hro_060909.html

The bills now move on to the Senate for consideration. In that chamber where Democrats hold an 18-12 majority, they must attract 18 yes votes.

While the tax increases will not completely deliver the $800 million in new revenues needed to balance the budget recommended by the Ways and Means Co-Chairs, they significantly lessen the margin of uncertainty facing budget writers.

Nevertheless, it is possible that either or both measures will be subject to a referendum seeking their repeal (as was successfully accomplished following a vote to increase income taxes by the legislature during the 2003 legislative session). Petitioners seeking the repeal have 90 days following the legislature's adjournment to gather 55,179 signatures of registered voters in support of the repeal.

OUS Budgets
This Thursday, we anticipate the Joint Ways and Means Education Subcommittee will consider the operating budget for the Oregon University System. Any additions to the 15% reductions for higher education recommended by the Ways and Means Co-chairs, will likely occur in a subsequent budget reconciliation bill that will be considered in the closing days and hours of the session.

The OUS Capital budget, which includes a number of buildings planned for OSU is potentially slated for consideration before the Ways and Means Subcommittee on Capital Construction and Info Technology on Friday. That subcommittee is co-chaired by Senate President Peter Courtney (D-Salem) and Representative Larry Galizio (D-Tigard).

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