

Why Oregonians should vote NO on Measures 66 & 67

By Dan Lucas

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Dan Lucas is a candidate for State Representative in House District 27. He has worked in the information technology field for 27 years and also served as a signal intelligence analyst in Berlin, Germany during the Cold War. He has been a guest contributor for Cascade Policy Institute, Oregon's free market public policy research organization. Views expressed are the author's own.

This paper is intended to be a source for factual information on why Oregonians should vote NO on Measures 66 and 67. The intent is that this information can then be used to formulate accurate and sourced articles, letters, blogs and discussions to make the case for voting NO on Measures 66 and 67.

SUMMARY

Oregon has one of the highest unemployment rates in the nation². One in four working-age Oregonians is either unemployed or underemployed¹⁴. And things can get worse. They can get worse if Oregon follows the Michigan model of raising taxes even as jobs and businesses disappear³. But we don't have to do that. We can vote down these job-killing taxes. And here's why Oregonians should vote NO on Measures 66 & 67:

- The state budget & state spending went up, not down.
- State government has not tightened its belt like the rest of us – these measures increase taxes by \$733 million, but \$802 million of the current budget is to pay for new state jobs, state employee raises, Cadillac health insurance for state workers, and the state-paid employee portion of PERS.
- Measure 66 alone will cost Oregon 36,000 jobs & it will make income taxes even more unfair.
- Measure 67 isn't about \$10 - it's about 6 new taxes and fees totaling \$262 million and it will cost Oregon up to an additional 43,000 jobs.
- Businesses are already paying their fair share & they pay a LOT more taxes & fees than just Oregon income tax – including 50% of Oregon's property taxes.
- The Legislature had other options too:
 - A back-to-basics budget
 - Increased use of fund shifts (*there are more funds in the state's spending than the General Fund & the Lottery Fund and the Legislature can do more fund shifting*)

The majority party & the Governor are trying to take away your voice and your vote. Don't let them. Send them a strong message that it's not OK to try to fool you; that it's not OK to vilify and over-tax the very businesses we need to get Oregon back on its feet.

Vote NO on Measures 66 & 67!

Why Oregonians should vote NO on Measures 66 & 67

The state budget went up, not down

- There is no “budget hole” to fill, no “budget gap”.
- The state’s budget went up! Even when you factor out the Federal funds from the budget, the Oregon state government budget still went UP.

State of Oregon biennium budgets in billions

FUND	2007-2009 Approved Budget (Jun 2009)	2009-11 Adopted Budget (Aug 2009)	Change from 2007-09 Approved
General Fund	\$12.79	\$13.28	3.79%
Lottery Funds	\$1.59	\$0.96	-39.62%
Other Funds	\$25.50	\$26.72	4.79%
TOTAL Oregon	\$39.87	\$40.95	2.70%
Federal Funds	\$11.29	\$14.97	32.58%
TOTAL all funds	\$51.17	\$55.92	9.30%

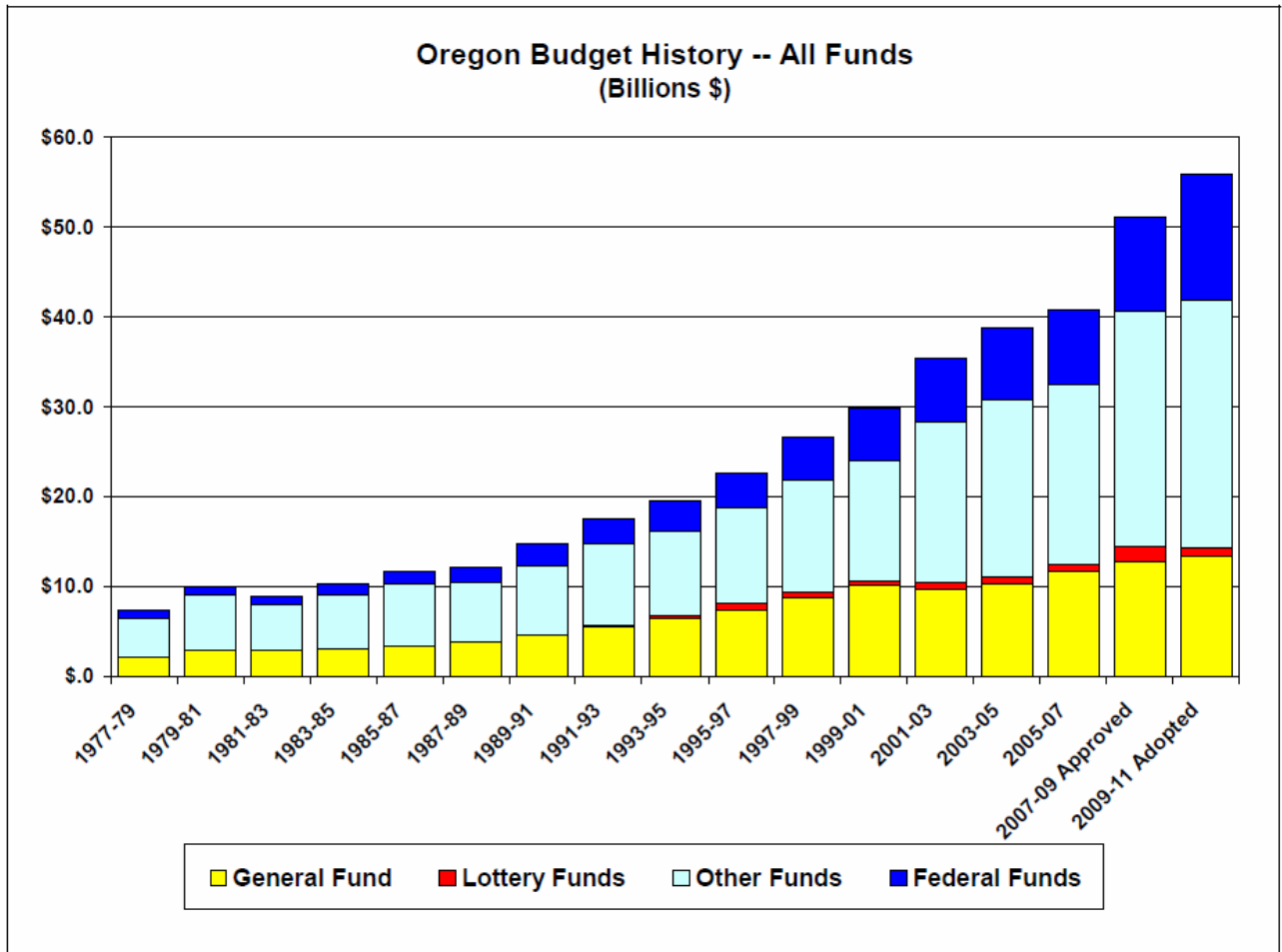
Data is from the Legislative Fiscal Office¹

- The “all funds” budget from this legislative session is 16.49% (\$8 billion) higher than the budget from the last regular legislative session two years ago¹, and it’s 9.3% (\$4.8 billion) higher than the latest revision of that previous budget.
- Even when Federal funds are taken out of the picture, the 2009-11 budget is still 8% (\$3 billion) higher than the original 2007-09 budget¹, and 2.7% (\$1.1 billion) higher than the last revised 2007-09 budget. There is no “budget gap”.
- These budget increases are part of a consistent trend. The 2007-09 budget was a **25.5% increase** over the 2005-07 budget – \$10.4 billion more in state government spending⁴.

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- **State spending keeps going up!** In a little over 10 years, state spending in Oregon has more than doubled, from \$27 billion²³ to \$56 billion⁴.

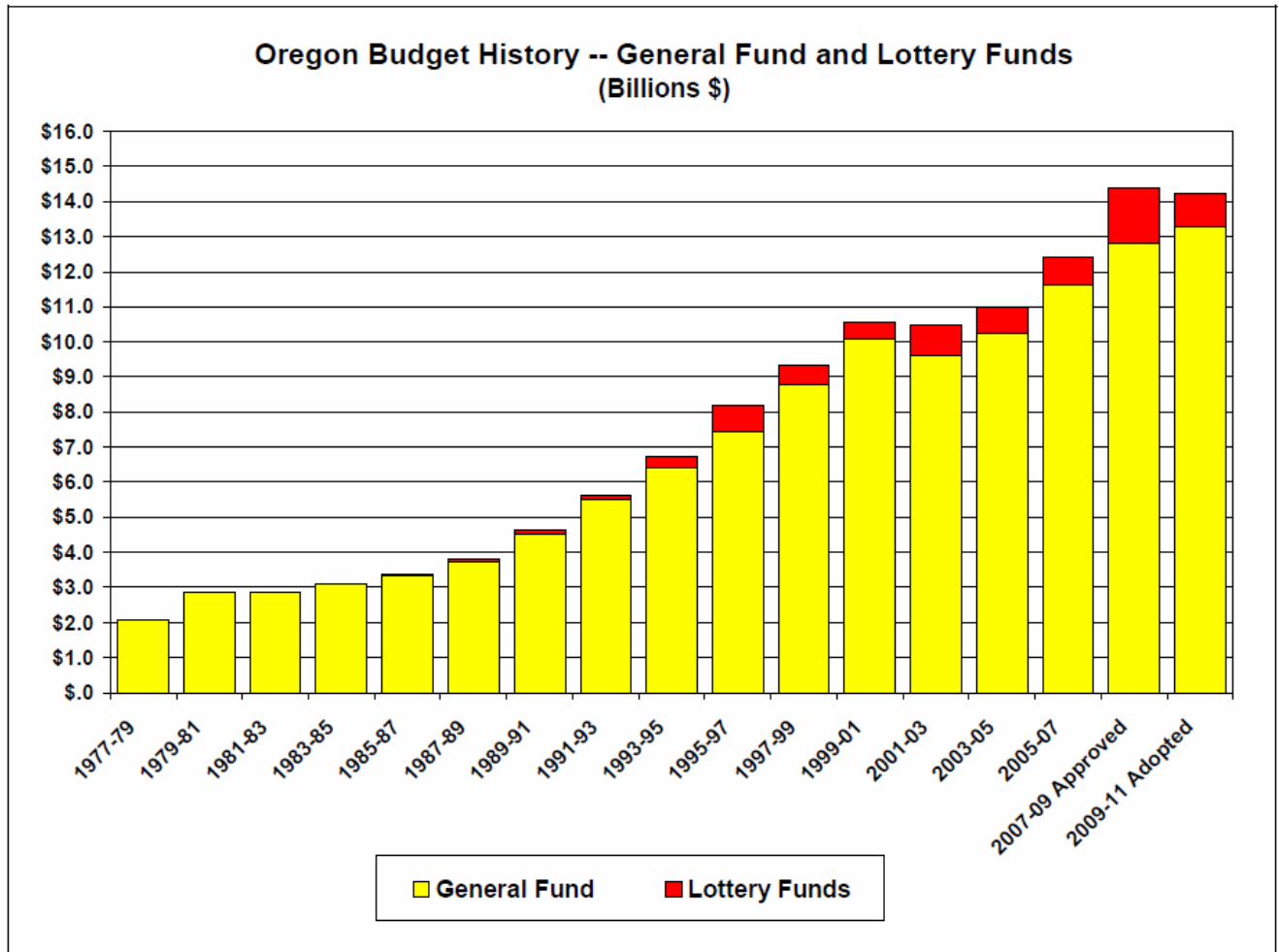
*The entire chart below is from page 3 of the State of Oregon's **Legislative Fiscal Office** Budget Highlights 2009-11 Legislatively Adopted Budget (8-14-2009)*



http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights.pdf

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The entire chart below is from page 3 of the State of Oregon's **Legislative Fiscal Office**
Budget Highlights 2009-11 Legislatively Adopted Budget (8-14-2009)



http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights.pdf

- **Wrong priorities:** Even though the state had more money, the Legislature chose to cut schools by \$461 million, while increasing other agencies, including increasing the state portion of the Human Services budget by \$842 million⁵ while preserving known energy tax credit abuses that are costing \$167 million⁶. State funding for 42 state agencies & boards increased⁴, but the Legislature CUT the State School Fund by \$461 million, in state funding⁵.
- Even after the Federal stimulus package money that was used, the Legislature was still CUTTING the State School Fund by \$350 million. If the Education Stability Fund is rebuilt (*it's starting the biennium with a zero balance*¹³), and the right conditions are met, it could be used to further reduce the school cuts from \$350 down to \$156 million (*the Education Stability Fund forecast is currently \$194.4 million.*¹³) **That still means that, best case, the Legislature voted to CUT K-12 school funding by \$156 million, when they had MORE money.** This was a

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choice the Legislature made. An alternative, the Back To Basics budget, was proposed & rejected, and it had NO CUTS to K-12 school funding⁷.

- *For over a year now, tax increase proponents have been saying that Human Services budget increases would be needed to handle the additional burden created by Oregon's high unemployment⁹. Because of Oregon's high unemployment (11.1% in November¹¹), more people do need food stamps & unemployment.*
 - *The Human Services budget was increased by \$3.4 billion - \$842 million in additional state funding and \$2.6 billion in additional Federal funding⁸.*
 - *Some of the Human Services increases are due to Oregon's economic woes, but **most of the increases are not**.*
 - ***Unemployment benefits** in Oregon are handled by a different state agency: the Employment Department. State funding for the Employment Department was cut by \$39 million, and Federal funding for the Employment Department increased by \$405 million⁵.*
 - *The **Food Stamp Program** is administered by the Children, Adults and Families (CAF) Division of Human Services. CAF is only 20% of the increase for Human Services state dollars, and only 27% of the increase for Human Services "all funds" dollars¹².*
- The Legislature also chose to cut our schools by at least \$156 million rather than cut back on the parts of the Oregon Health Plan that go above and beyond Medicaid, the Federal health plan for the poor. OHP coverage over standard Medicaid ends up costing an estimated \$640 million²⁰, with coverage that includes acupuncture and state-paid abortions (with no co-pay)²¹. An estimated **\$240 million** of the \$640 million is from state dollars.
 - On top of this \$640 million, the Legislature also passed \$1.1 billion in additional new taxes to provide more health insurance above-and-beyond Federal Medicaid and CHIP (Children's Health Insurance Program) coverage.
 - The \$1.1 billion will extend OHP coverage to 80,000 additional children and 35,000 additional low-income adults²⁰.
 - *The state portion of the \$1.1 billion (\$360 million) will be paid with a hospital tax increase & a new 1% tax on insurance premiums collected by health insurers – both of which will drive up what Oregonians are paying for health insurance.*

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State government has not tightened its belt like the rest of us

- **The state is adding jobs while private jobs keep going away:** In November 2009, the Oregon unemployment rate was 11.1%, and there were 211,424 unemployed Oregonians¹¹. Oregon's labor underutilization rate, which includes those who are unemployed, combined with those working part-time who want full-time jobs and those who have given up looking, was over 24% for the 3rd quarter of 2009¹⁴. That's one in four people - **the highest rate in the nation**.
- Meanwhile, state government is adding jobs. In just one of the 70+ state agencies & boards, Human Services, they added 1,253 new full-time jobs¹⁰. One of those jobs was a sweetheart deputy director position for Sen. Margaret Carter, which gave her a \$100,000 raise over her legislative pay. **In total, the budget they passed in 2009 added 1,540 new full-time state government jobs – bringing the number of state government jobs to 51,107¹⁰.**

Legislators vote to increase state spending, vote to create 1,540 new state jobs, and then get ones for themselves!

1. **Sen. Margaret Carter**, D-Portland, announced in August 2009 that she would take a new \$121,872-a-year position as a deputy director in the Department of Human Services. Sen. Carter had served as chairwoman of the Human Services Ways & Means budget subcommittee²².

2. Also in August 2009, **Rep. Larry Galizio**, D-Tigard, was named to a policy job in the state Department of Higher Education.

3. **Sen. Vicki Walker**, D-Eugene, was appointed by Gov. Ted Kulongoski in July 2009 to head the state parole board at \$97,020 a year.

Besides getting a big boost from their \$21,612-a-year pay as a part-time legislator, the trio also gets to leverage their years of legislative service with their new salaries to produce higher pensions. This is especially true for Carter, who has 24 years in the Legislature and now can fold a much higher salary into her pension calculation.

http://blog.oregonlive.com/mapesonpolitics/2009/08/gop_plans_attack_on_jobs_for_l.html

<http://special.registerguard.com/csp/cms/sites/web/updates/16843294-55/story.csp>

http://blog.oregonlive.com/mapesonpolitics/2009/10/conservative_group_attacks_car.html

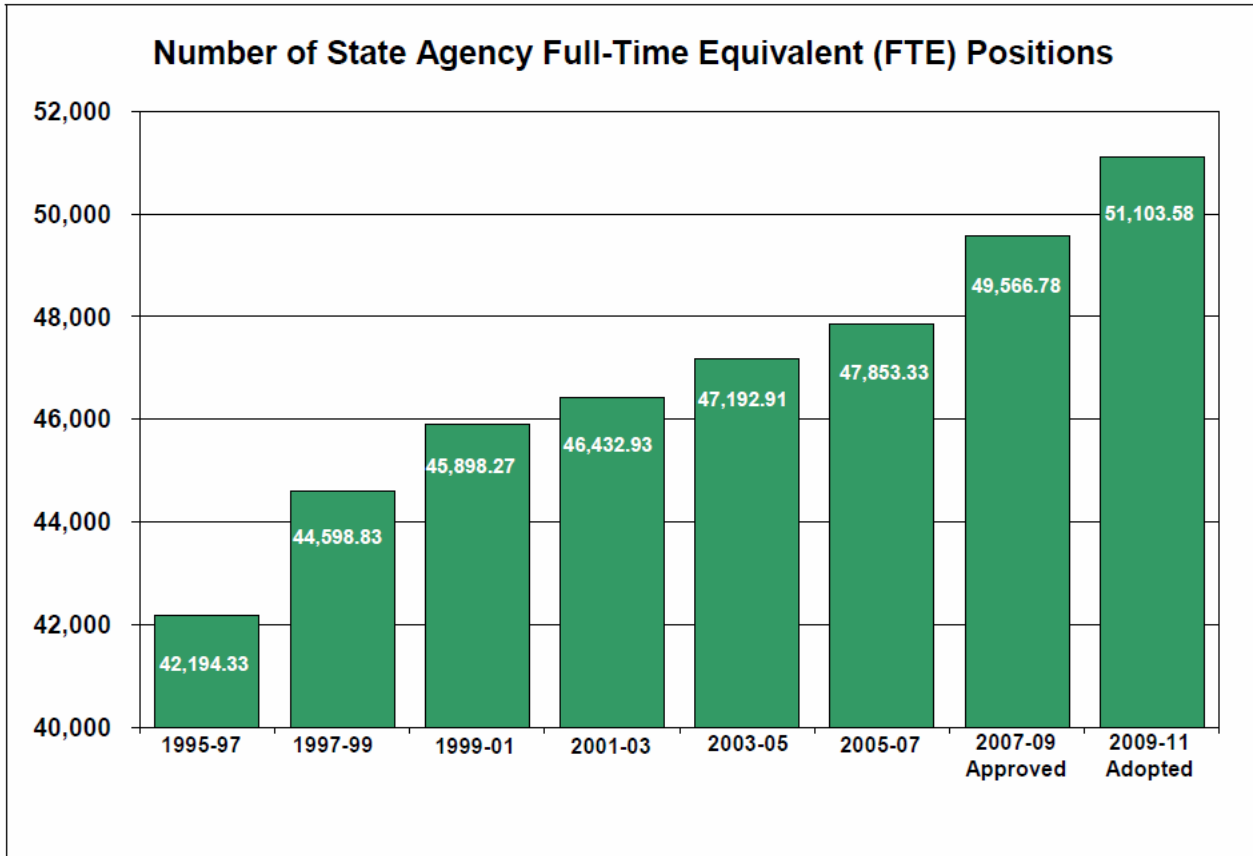
<http://www.katu.com/news/local/66258762.html?video=YHI&t=a>

- The 51,107 state government jobs don't include the estimated 62,000 teachers, teaching aids & school support staff⁴. *Oregon K-12 schools get about 42% of their funding from the State School Fund, and the rest from property taxes, the Federal government, forest revenues, etc³⁰.*
- At an average compensation cost of \$68,131 per employee¹⁷, the 1,540 new full-time state government jobs are costing the state \$105 million per year, or **\$210 million per biennium**.

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The number of state jobs keeps going up

(the chart shown below is from a State of Oregon LFO publication-link below)



http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights.pdf (pg 27)

- The current budget contains **\$250 million** for state employee raises¹⁵.
- **State employees in Oregon are still receiving Cadillac benefits, and are asking for tax increases to pay for them.** Oregon is one of a few states that pays the entire healthcare premium for their employees. The public employee healthcare system in Oregon provides employees with full medical, dental, vision and life insurance¹⁶. *This does not include Oregon teachers, who pay an average of \$1,847 per year for their portion of the health insurance*¹⁶.

State Employee - HealthCare Comparisons¹⁶ (annual health insurance costs)

States	Employer	Employee	Total Cost
Oregon	\$10,428	\$0	\$10,428
Washington	\$7,944	\$960	\$8,904
Idaho	\$7,128	\$1,020	\$8,148
California	\$10,644	\$2,388	\$13,032
Private (individual)	\$3,605	\$757	\$4,362
Private (family)	\$9,584	\$3,151	\$12,735

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If the 51,107 state employees started paying the same "fair share" of their health insurance premiums¹⁸ that Washington state employees pay, it would save the state \$49 million per year, or **\$98 million per biennium**, and it would still be about half of what Oregon public teachers are paying.

Employee portion of PERS - Oregon public employees are required to contribute 6% of their salary toward their PERS benefits, but the state has made it a policy to pay the employee portion for about 90% of public employees¹⁶. With an average salary of \$47,724¹⁷ and 90% of 51,107 employees, that ends up costing Oregon taxpayers \$132 million per year, or **\$264 million per biennium**.

Furlough days is one way state government did tighten its belt. The Governor ordered furlough days to save about \$2 million each day¹⁹. Most state employees are taking two furlough days in 2009. They will take another six days in 2010 and another two days in the first half of 2011, according to the state Department of Administrative Services¹⁵. This will **save the state \$20 million in the 2009-11 biennium**.

Save Per Day	Days	In Year	TOTAL SAVED
\$2,000,000	2	2009	\$4,000,000
\$2,000,000	6	2010	\$12,000,000
\$2,000,000	2	2011	\$4,000,000
	10		\$20,000,000

Summary of possible state government "belt tightening"

<i>Costs per biennium</i>	
\$210 million	new state jobs added
\$250 million	state employee raises
\$98 million	Cadillac health insurance
\$264 million	state-paid employee portion of PERS
\$822 million	TOTAL
-\$20 million	furlough days
\$802 million	TOTAL

Why Oregonians should vote NO on Measures 66 & 67

Measure 66 will cost Oregon 36,000 jobs & make income taxes even more unfair

An Oregon economist estimates that Measure 66 personal income tax increases will cost the Oregon economy 36,000 jobs by 2015²⁴. His modeling also shows the job losses continuing to mount beyond 2015.

Proponents of the personal income tax increases are attempting to dehumanize "the rich" in Oregon to make it seem OK to place an even greater unfair tax burden on them. In their materials, they show the mansion below while talking about those affected by these unfair tax increases²⁵.



<http://www.biltmore.com/>

They are demonstrating an ignorance of geography. The mansion in the picture is the Vanderbilt Mansion, Biltmore, and it is in North Carolina, not Oregon.

That's not all they've got wrong. Turns out, "the rich" are mostly small and family-owned businesses or farms. State reports show that 66% of tax filers targeted for the Legislature's personal income tax increase are small and family-owned businesses or farms²⁶.

And although the proponents of the tax increases say they will bring about "permanent and meaningful tax fairness"²⁵ – what they really do is increase the **envy tax** on Oregonians who make more than \$125,000 a year. (As noted above, 2/3 of "the rich" are actually small businesses.) Even before Measure 66, Oregonians who make more than \$100,000 a year were just **10%** of income taxpayers, but they paid **54%** of the income taxes. Measure 66 will make our income taxes even more unfair - that top **10%** of income taxpayers will now be paying **58%** of the income taxes. ***That's not fair taxation!***

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Oregon Personal State Income Tax by Income Level 2006					
Income Level	Number of Filers	Percentage of Total Filers	Personal Income Tax Liability (in thousands)	Avg Tax Paid Per Person	Percentage of Total Taxes Paid
\$500,001 and higher	8,957	0.51%	\$952,380	\$106,328	18.49%
\$100,001-\$500,000	170,923	9.74%	\$1,819,141	\$10,643	35.32%
\$80,001-\$100,000	105,155	5.99%	\$516,963	\$4,916	10.03%
\$60,001-\$80,000	169,595	9.66%	\$598,389	\$3,528	11.62%
\$40,001-\$60,000	254,905	14.52%	\$598,175	\$2,347	11.61%
\$20,001-\$40,000	406,013	23.13%	\$506,178	\$1,247	9.83%
\$10,001-\$20,000	281,962	16.06%	\$127,686	\$453	2.48%
\$10,000 and lower	358,058	20.39%	\$32,029	\$89	0.62%
	1,755,568	100.00%	\$5,150,941	\$2,934	100.00%

over \$100,000	179,880	10.25%	\$2,771,521	\$15,408	54%
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When people talk about making sure "the rich" pay their "fair share" of taxes, they should know that even before Measure 66, Oregonians who made more than \$100K a year were just 10% of income taxpayers but they paid 54% of the income taxes.

Calendar Year 2006 Oregon Personal State Income Tax Filers and Liability by Income Level data from Schedule 7 - 2008 Oregon Comprehensive Annual Financial Report (CAFR) report (pg 183) http://www.oregon.gov/DAS/SCD/SARS/docs/2008_CAFR.pdf					
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Impact of Measure 66 on Oregon's Top Income Tax Payers					
over \$100,000	179,880	10.25%	\$3,272,321	\$18,192	58%

Why Oregonians should vote NO on Measures 66 & 67

HB 2649 (Measure 66) Revenue Impact	
Projected Revenue in millions (biennium)	DESCRIPTION
	higher marginal tax rates
	10.8% state tax bracket for joint filers with taxable income between \$250,000 and \$500,000 (between \$125,000 and \$250,000 if single)
	11% state tax bracket for joint filers with income above \$500,000 (above \$250,000 if single)
\$464	SUB-TOTAL
	phase-out of the federal tax subtraction
\$40	Phase out of the federal tax subtraction for joint filers with adjusted gross income above \$250,000 (above \$125,000 if single)
	revenue reduction due to the exclusion of unemployment compensation
(\$32)	Exclusion of up to \$2,400 of unemployment compensation for tax year 2009
\$472	TOTAL

<http://www.leg.state.or.us/comm/sms/ris09/rhb2649a06-04-2009.pdf>

Why Oregonians should vote NO on Measures 66 & 67

Measure 67 is a lot more than “\$10” and it will cost Oregon up to 43,000 jobs

By now, you’ve probably heard the tax proponents claim that “corporations only pay \$10 and have been since 1931”, and that Measure 67 is just an increase in the corporate minimum tax from \$10 to \$150²⁷.

\$10? - If the Measure 67 tax increase were truly only from \$10 to \$150 it would only raise \$27 million, instead of the \$262 million actually raised. **Where does the other \$235 million come from?**

C-corps ³⁰	33,130 x \$140 x 2 yrs	\$9 million
S-corps ³⁰	54,771 x \$140 x 2 yrs	\$18 million
	TOTAL	\$27 million

The answer is that Measure 67 is actually made up of **6 new taxes and fees** on corporations and partnerships that combined will cost companies \$262 million. One of these 6 new taxes and fees will cost businesses up to \$100,000 a year, even if they don't make a profit; even if they lose money. The taxes are so big & complex that the Department of Revenue had to add more than 7 new employees just to collect them²⁸.

Measure 67 New Tax or Fee	Fund	Projected Revenue (biennium)	Description
1. new C-corp minimum tax	General	\$93 million	Increases the C-corporation minimum tax from \$10 to an amount that ranges from \$150 for corporations with less than \$500,000 in Oregon <u>sales</u> up to \$100,000 for corporations with Oregon sales of more than \$100 million
2. new C-corp marginal tax rate	General	\$108 million	Creates a second marginal corporate tax rate of 7.9% that is applied to taxable income greater than \$250,000 for tax years 2009 and 2010; reduces the rate to 7.6% for tax years 2011 and 2012.
3. new S-corp minimum tax	General	\$18 million	Increases the minimum tax on S-corporations from \$10 to \$150 (<i>per year</i>)
4. entity tax on partnership returns	General	\$18 million	Imposes a \$150 entity tax on entities filing a partnership return (partnership minimum tax)
5. Increased Secretary of State filing fees	General	\$30 million	Increases the Secretary of State filing from \$50 to \$100 for domestic corporations and to \$275 for foreign corporations
TOTAL	General	\$261 million	Separate taxes & fees actually add to \$267M
6. Uniform Commercial Code and Notary Public Commission fees	Other Funds	\$1 million	Uniform Commercial Code and Notary Public Commission fee increases
TOTAL		\$262 million	

LRO revenue impact - HB 3405 A (6-4-09)

<http://www.leg.state.or.us/comm/sms/ris09/rhb3405a06-04-2009.pdf>

UCC & Notary fee revenues are from pg 92, Budget Highlights 2009-11 Legislatively Adopted Budget

An Oregon economist estimates that Measure 67 will cost Oregon between 22,000 and 43,000 jobs²⁹.

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Businesses are already paying their fair share & they pay a LOT more taxes & fees than just the Oregon income tax

According to a 2009 Council On State Taxation study, Oregon businesses pay **30.4%** of all state taxes, and **50%** of all local taxes (*mainly Oregon property taxes*)³¹.

The fact that Oregon businesses pay for half of all property taxes illustrates an important point that tax proponents have been deliberately trying to obscure: **Oregon businesses pay a LOT more taxes & fees than just the Oregon income tax.**

The other state taxes & fees that businesses pay are significant - **in the billions of dollars**³². Just one of these, the Weight-Mile Taxes, is expected to bring \$595 million into the state coffers³⁴.

Additional State Taxes & Fees Paid By Oregon Businesses³³ (*partial list*)

Forest Products Harvest tax	Motor Fuels Taxes
long-term care provider tax	Weight-Mile Taxes
hospital provider tax	Privilege Taxes
Medicaid provider tax	Other Selective Taxes
Dry Cleaning Response Fees	Other Taxes
Electronic Waste Recycling	Business Lic and Fees
Hazardous Substance Fees	Corporation Fees
Hazardous Waste Generator Fees	State Court Fees
Hazardous Waste Land Disposal Fee	Commercial Fish Lic and Fees
Hazardous Waste TSD Fees	Public Utilities Fees
Heating Oil Contractor Licensing Fees	Power and Water Fees
Petroleum Product Withdrawal Delivery Fees	Fire Marshal Fees
Solid Waste Disposal Fee	Vehicle Licenses
Solid Waste Permit Fees	Drivers Licenses
Underground Storage Tank Permit Fee	Transportation Lic and Fees
UST Contractor Licensing Fees	TELEPHONE EXCHANGE ACCESS TAX
Uniform Commercial Code fee	Emergency Communications (9-1-1) Tax
Notary Public Commission fee	PHONE ACCESS SURCHARGE
BETC application fees	REAL ESTATE RECORDING TAX
energy siting fees	ELECTRIC COOP TAX
fees paid by operators of underground utilities	AVIATION GAS AND JET FUEL TAXES
state court fees	PETROLEUM LOADING FEE
Gross Receipts Business Taxes/Fees	TIMBER SEVERANCE TAXES
Employment Taxes	OIL & GAS SEVERANCE TAX
Workers Comp Insurance Taxes	PRIVATE RAIL CAR TAX
Other Employer-Employee Taxes	BOXING TAX
Amusement Device (video poker) Taxes	DRY CLEANERS TAX
Insurance Taxes	Air Contaminant Discharge Fees
Western Oregon Severance Taxes	Asbestos Certification Fees
Small Tract Forestland (STF) Severance Tax	Greenhouse Gas Reporting Fees
Other Severance Taxes	Waste Tire Fees
Forest Protection Taxes	

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Local Government Taxes Paid By Oregon Businesses (*partial list*)

Property taxes
City of Portland Business License (privilege tax)
Multnomah County Business Income Tax (MCBIT)
TriMet tax
Lane Transit District Self-Employment Tax
Transit Payroll (excise) Tax

Federal Taxes Paid By Oregon Businesses (*partial list*)

Federal income taxes
FICA
Federal fuel taxes
Federal environment taxes
Federal telephone taxes

As can be seen even in the partial lists above, there are a LOT of other taxes & fees that Oregon businesses have to pay. **Then, this past session, the Legislature quietly passed \$331 million worth of fee increases³⁵.** Many of these will have to be paid for by businesses, and they are part of the “death by a thousand paper cuts” that Oregon inflicts on businesses and they further aggravate Oregon’s employer-hostile environment.

Why Oregonians should vote NO on Measures 66 & 67

The Legislature had/has other options

There was a **Back to Basics Budget** proposed that didn't cut school funding and didn't raise taxes⁷. The majority party in the Legislature rejected it.

The Back to Basics Budget was based on the budget from the previous legislative session, 2 years earlier. Essential services such as K-12 Education, colleges and universities, public safety agencies and human service providers could not be cut in the Back to Basics Budget. State agencies would be asked to justify any increases.

There is a **Detailed Back to Basics Budget** now available that still protects our most important priorities like funding K-12, community colleges, universities and social services, should voters reject the Measure 66 & 67 tax increases³⁹.

Fund Shifts - Other Funds - *Other Funds consist of revenue received by a state agency other than General Fund, Lottery Funds, or Federal Funds, and is generally restricted by law to defined purposes⁴².*

The state does an extremely good job of obscuring the revenue they bring in through the Other Funds portion of the budget⁴⁰. State agencies like having their funding come from Other Funds taxes & fees because they are less visible to the budget process & public discourse, they are much more reliable source of income⁴¹, they tend to be "hard-wired" to the agency through the constitution or state statutes, and they can be increased more easily.

The Other Funds fund (\$26.72 billion) for the current biennium is twice the size of the General Fund (\$13.28 billion)¹. While use of the Other Funds may be more limited, fund shifting is still worth pursuing. There are numerous cases where the state has done Fund Shifting (from the Other Funds fund to the General Fund) or where they have gotten fee revenues into the General Fund⁴³.

The Legislature also has discretion over how most of the Lottery Funds are spent⁴⁴.

- In the Lottery Funds, there are 2 constitutional dedicated transfers and 4 statutory dedicated transfers.
- In the current budget, there are **\$475 million of Lottery Funds that aren't restricted by any dedicated transfers.**
- Even for the dedicated transfers, however, the Legislature showed how it could change that when it wanted to: they approved changes to all 4 statutory dedicated transfers in the 2009 session.

Why Oregonians should vote NO on Measures 66 & 67

The majority party, the Governor and their allies are trying to take away your voice and your vote

The majority party in the Legislature & the Governor are trying to take away your voice and your vote. They know they can't honestly convince Oregon voters that these new taxes are needed, and so they've resorted to government deception, interference & obfuscation.

- **Deceive** - In the original version of the bill there was a provision which would have essentially meant to vote NO meant YES and YES meant NO! Fortunately this was defeated³⁶.
- **Stall** - The Governor delayed signing the bills to limit the time people had to gather signatures. Enough signatures were collected, despite the artificially shorter time-frame, but only because of a lot of hard work by a lot of people³⁶.
- **Spy** - The Secretary of State spent \$135,000 on a no-bid contract to hire private investigators to spy on signature gatherers. An e-mail obtained in a public records request makes clear these spies were hired because legislative leaders wanted them following Oregonians who were gathering signatures to refer two of their tax increases to the ballot. It was also discovered that the only legislative directive to spend \$135,000 of taxpayer money on the spies came in a memo from two legislators to the secretary of state after the legislative session had ended. Two powerful legislators decided how to spend taxpayer money without a vote and without giving citizens the opportunity to voice their opinions³⁷.
- **Slant** - Next came the provision that set up a legislative committee to write the ballot titles and explanatory statements. In all other cases of initiatives a committee of proponents and opponents of the measure was created to write the ballot title and explanatory statement and it was overseen by the Secretary of State. That's not what happened this time and the resulting ballot titles and explanatory statements are extremely slanted towards the tax increase proponents³⁶.
- **Deceive again** - In another attempt to deceive Oregon voters, the group leading the campaign to pass tax Measures 66 and 67 paid the \$500 fee four times so they could put their **pro tax** arguments as the first & last arguments – even on the section that's supposed to be for the opposition arguments³⁷.

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REFERENCES

- 1 SEE Appendix A
- 2 Oregon Employment Department - Oregon's unemployment rate was the 6th highest in the U.S. in Sept 2009 (*the most current month shown as of 12/28/2009*) <http://www.oregon.gov/EMPLOY/FastFacts.shtml>
- 3 <http://online.wsj.com/article/SB10001424052748704322004574477363965641226.html>
- 4 SEE Appendix B
- 5 Budget Highlights 2009-11 - Legislatively Adopted Budget – Addendum. *All comparisons made are between the 2007-09 Legislatively Approved budget (as of Aug 2009) and the 2009-11 Legislatively Adopted/Approved budget (as of Aug 2009).*
http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights_addendum.pdf
- 6 http://www.oregonlive.com/news/oregonian/steve_duin/index.ssf/2009/11/betc_mess_just_keeps_getting_w.html
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http://blog.oregonlive.com/mapesonpolitics/2009/11/betc_taking_its_place_in_orego.html
- 7 http://www.leg.state.or.us/senaterepublicans/budget_brief.pdf
- 8 SEE Appendix C
- 9 <http://www.ocpp.org/2008/nr20081119StatementForecastfnl.pdf>
- 10 SEE Appendix D *source of data in Appendix D is:*
http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights_addendum.pdf
- The 51,107 state government jobs don't include the estimated 62,000 teachers, teaching aids & school support staff. (*source of # of teachers, aids & support staff: www.leg.state.or.us/comm/lfo/2009_orientation_school_public.ppt)*
- 11 http://www.oregonlive.com/business/index.ssf/2009/12/oregon_unemployment_remains_ab.html
- 12 SEE Appendix E
- 13 Budget Highlights 2009-11 Legislatively Adopted Budget LEGISLATIVE FISCAL OFFICE AUGUST (pg 13)
"The ESF (excluding the Oregon Growth Account), therefore, begins the 2009-11 biennium with a zero balance. A total of \$194.4 million is forecast to be deposited into the ESF (outside of the Oregon Growth Account) during the 2009-11 biennium."
http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights.pdf
- 14 Portland Tribune - The real misery rate: 24 percent
http://www.portlandtribune.com/news/story.php?story_id=125010617663897700
- 15 http://www.leg.state.or.us/senaterepublicans/budget_brief.pdf
http://blog.oregonlive.com/mapesonpolitics/2009/11/senate_gop_misfires_in_attack.html
- 16 Analysis of Oregon Public Employee Compensation (*commissioned by the Oregon Business Council*)
<http://www.oregonbusinessplan.org/pdf/Total%20Compensation%20Review.pdf>
- 17 http://blog.oregonlive.com/mapesonpolitics/2009/11/senate_gop_misfires_in_attack.html
- 18 <http://www.registerguard.com/csp/cms/sites/web/news/cityregion/22641140-57/story.csp>
- 19 http://www.oregonlive.com/news/index.ssf/2009/10/furlough_friday_many_state_off.html
http://www.oregon.gov/DAS/docs/news_releases/2009/1012_furloughs.pdf
- 20 SEE Appendix F
- 21 SEE Oregon Health Plan Client Handbook (OHP 9035) <http://dhsforms.hr.state.or.us/Forms/Served/HE9035.pdf>
- 22 http://www.oregonlive.com/news/index.ssf/2008/09/high_prices_and_joblessness_dr.html
- 23 <http://www.leg.state.or.us/comm/lfo/budghigh99-01.pdf> (pg B-14)
- 24 <http://www.cascadepolicy.org/2009/06/11/taxing-the-%E2%80%9Cwealthy%E2%80%9D-more-will-cost-36000-oregon-jobsby-bill-conerly/>
- 25 Defend Oregon PowerPoint – *slides #9 & #2:*
<http://www.oregoned.org/atf/cf/%7B3F7AF7EC-F984-4631-A411-148CD1FB8421%7D/2009-08%20DO%20Tax%20Fairness.pdf>
- 26 "State reports show 66 percent of tax filers targeted for the Legislature's personal income tax increase are small and family-owned businesses or farms."
http://www.oregonlive.com/opinion/index.ssf/2009/12/measures_66_and_67_dont_add_to.html

Why Oregonians should vote NO on Measures 66 & 67

- 27 Oregon Center for Public Policy's Chuck Sheketoff article "New \$150 Corporate Minimum Tax Beats Inflation-Adjusted \$315!" on BlueOregon web site:
<http://www.blueoregon.com/2009/08/new-150-corporate-minimum-tax-beats-inflationadjusted-315.html>
- 28 "HB 5054 appropriated \$1,501,251 million General Fund (nine positions/7.36 FTE) to the Department of Revenue to implement the bill." pg 92, *Budget Highlights 2009-11 Legislatively Adopted Budget*
- 29 <http://www.cascadepolicy.org/2009/06/23/raising-oregon%E2%80%99s-corporate-income-tax-rate-will-cost-43000-oregon-jobs/>
- 30 data from 2006, on pg C17 of the
2009 LRO OREGON PUBLIC FINANCE: BASIC FACTS Research Report #1-09
http://www.leg.state.or.us/comm/lro/2009_pub_finance.pdf (School funding info on pg. G 3)
- 31 Council on State Taxation - "Total state and local business taxes - 50 state estimates for fiscal year 2008" - January 2009
http://www.ocpp.org/2009/COST_2009_FY08_State_And_Local_Business_Tax_Burden_Study.pdf

It's even likely that Oregon businesses pay more than the 30.4% of all state taxes. This may be due to the way that Oregon collects & designates some revenue as "fees" rather than taxes, how Oregon tax/fee data is collected and interpreted by the US Census bureau, etc. An indication that the study may be understating how much Oregon businesses pay can be found on page 15 of the study - the study only reports total state taxes of \$8 billion in 2008, which would be \$16 billion for the biennium. But according to the 2007-09 Legislatively Approved Budget the total state taxes were \$13.95 billion General Fund, \$1.15 billion Lottery Funds and \$23.6 billion Other Funds. SEE Appendix G

Note that this could also affect the ranking in this study often cited by tax proponents - which is calculated on the dollar amount of taxes paid by businesses as a percentage of state GSP.

- 32 SEE Other Funds data from page 122 of the CAFR report in Appendix G
- 33 *I have been unable to find a comprehensive list of all the fees, taxes, licenses, etc. that are paid to the state and reported in the Other Funds budget. This partial list came from:* page 122 of the CAFR report in Appendix G, notes in the *Budget Highlights 2009-11 Legislatively Adopted Budget* (http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights.pdf), and agency reports in 2009-11 Other Funds Account Balances (<http://www.oregonbudget.gov/>)
- 34 Analysis of the 2009-11 Legislatively Adopted Budget (pg 335)
http://www.leg.state.or.us/comm/lfo/2009_11_budget/TRANSPORTATION.pdf
- 35 "The total amount of 2009-11 Other Funds revenue generated from the fee increases is estimated at \$330.9 million.", *Budget Highlights 2009-11 Legislatively Adopted Budget* (pg 35),
(http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights.pdf)
- 36 <http://www.oregoncatalyst.com/index.php/archives/2883-Senator-Jeff-Kruse-How-we-got-into-this-tax-mess.html>
- 37 <http://www.registerguard.com/csp/cms/sites/web/news/cityregion/24152253-41/story.csp>
- 38 http://www.oregonlive.com/opinion/index.ssf/2009/09/a_spy_story_with_an_unhappy_en.html
- 39 Press release from December 23, 2009 titled "Detailed Back to Basics Budget is a better plan for Oregon" from the Senate Republican Office, contact: Michael Gay
- 40 SEE Appendix H
- 41 "the continuation of the shift to great reliance on Other Funds for budget continuity.", *Budget Highlights 2009-11 Legislatively Adopted Budget* (pg 4)
(http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights.pdf)
- 42 http://www.leg.state.or.us/comm/lfo/2007-09_budget/2007-09_Budget_Highlights_Update.pdf
- 43 SEE Appendix I
- 44 *Budget Highlights 2009-11 Legislatively Adopted Budget* (pg 12),
(http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights.pdf)

Why Oregonians should vote NO on Measures 66 & 67

Appendix A

State of Oregon biennium budgets in billions

FUND	2007-09 Adopted Budget (Sep 2007)	2007-2009 Approved Budget (Jun 2009)	2009-11 Adopted Budget (Aug 2009)	<i>increase from 2007-09 Adopted</i>	<i>increase from 2007-09 Approved</i>
General Fund	\$13.96	\$12.79	\$13.28	-4.84%	3.79%
Lottery Funds	\$1.15	\$1.59	\$0.96	-16.93%	-39.62%
Other Funds	\$22.80	\$25.50	\$26.72	17.16%	4.79%
TOTAL Oregon	\$37.91	\$39.87	\$40.95	8.02%	2.70%
Federal Funds	\$10.10	\$11.29	\$14.97	48.28%	32.58%
TOTAL all funds	\$48.01	\$51.17	\$55.92	16.49%	9.30%

data is from the Legislative Fiscal Office⁴

Why Oregonians should vote NO on Measures 66 & 67

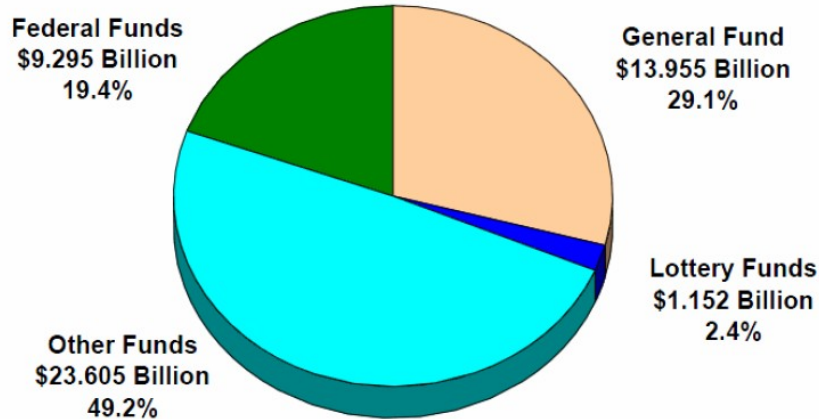
Appendix B

State of Oregon - Legislative Fiscal Office

<http://www.leg.state.or.us/comm/lfo/home.htm>

Budget Highlights - 2007-09 Legislatively Adopted Budget

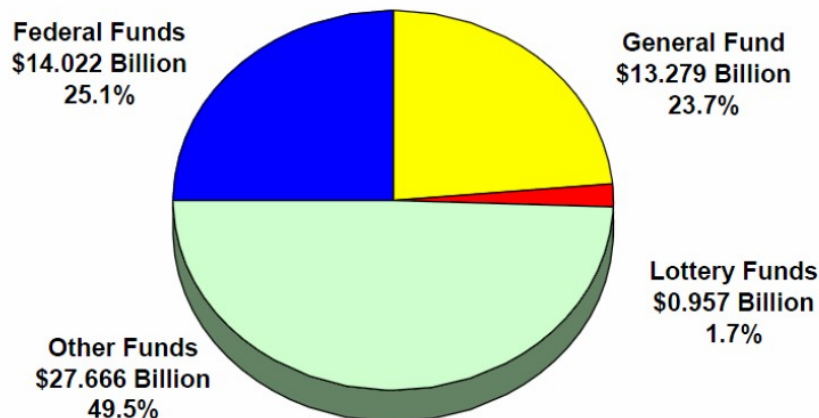
2007-09 Legislatively Adopted Budget Totals \$48.005 Billion
11.0% Increase from 2005-07 Legislatively Approved



NOTE: It's actually a 13.3% increase from the 2005-07 Legislatively Adopted budget

Budget Highlights - 2009-11 Legislatively Adopted Budget

2009-11 Legislatively Adopted Budget Totals \$55.923 Billion
9.3% Increase from 2007-09 Legislatively Approved



NOTE: It's actually a 16.49% increase from the 2007-09 Legislatively Adopted budget


Charts are from the Legislative Fiscal Office publications

Why Oregonians should vote NO on Measures 66 & 67

Appendix B (continued)

data from
State of Oregon - Legislative Fiscal Office

Legislatively <u>Adopted</u> Budgets <i>what was planned</i>	2007-09 (in billions)	2009-11 (in billions) 8-14-2009	Increase / Decrease Amt	Increase / Decrease Percent
State Revenue				
General Fund	13.955	13.279	-0.676	-4.84%
Other Funds	23.605	27.666	4.061	17.20%
Federal portion of Other Funds	-0.802	-0.950		
Lottery Funds	1.152	0.957	-0.195	-16.93%
TOTAL STATE	37.910	40.952	3.042	8.02%
Federal Revenue				
Federal Funds	9.295	14.022	4.727	50.86%
Federal portion of Other Funds	0.802	0.950	0.148	18.45%
TOTAL FEDERAL	10.097	14.972	4.875	48.28%
TOTAL ALL FUNDS	48.007	55.924	7.917	16.49%



Legislatively <u>Approved</u> Budgets <i>what ended up being spent</i>	2005-07 (in billions)	2007-09 (in billions)	Increase / Decrease Amt	Increase / Decrease Percent
State Revenue				
General Fund	11.609	12.794	1.184	10.20%
Other Funds	20.103	26.298	6.195	30.81%
Federal portion of Other Funds	-0.700	-0.802		
Lottery Funds	0.816	1.585	0.769	94.26%
TOTAL STATE	31.828	39.874	8.046	25.28%
Federal Revenue				
Federal Funds	8.245	10.491	2.246	27.24%
Federal portion of Other Funds	0.700	0.802	0.102	14.57%
TOTAL FEDERAL	8.945	11.293	2.348	26.24%
TOTAL ALL FUNDS	40.774	51.167	10.394	25.49%

2007-09 actuals (*Approved*) exceeded planned (*Adopted*) by: **3.160** **6.58%**

<http://www.leg.state.or.us/comm/lfo/home.htm>

2005-07 Legislatively Adopted Budget Totaled \$42.367 Billion

Note : the Federal portion of Other Funds (for 2009-11) of \$950 million is based on LFO Analysis of 2009-11 Legislatively Adopted Budget – Transportation. However, in the narrative portions of the Budget Highlights 2009-11 Legislatively Adopted Budget, there are indications that the Federal Funds as Other Funds could be as much as \$2.2 billion. Hopefully at some point all federal funds will just be reported under Federal Funds. :-)

Why Oregonians should vote NO on Measures 66 & 67

Appendix C (Dept of Human Services budget increase)

from pg 7 of the 'Budget Highlights 2009-11
Legislatively Adopted Budget Addendum'
(Legislative Fiscal Office - Aug 2009)

	2005-07 Actual \$	2007-09 Legislatively Approved \$	2009-11 Essential Budget Level \$	2009-11 Legislatively Approved \$
HUMAN SERVICES				
Blind, Commission for the				
General Fund	1,233,746	1,520,038	1,710,148	1,449,953
Other Funds	2,786,193	2,497,700	2,517,386	2,525,619
Federal Funds	11,364,345	12,157,237	11,448,361	11,651,863
Total Expenditures	15,384,284	16,174,975	15,675,895	15,627,435
Children and Families, Commission on				
General Fund	46,119,756	57,246,821	62,078,040	49,062,670
Other Funds	18,320,733	23,487,919	21,706,708	17,829,193
Federal Funds	2,421,701	4,522,936	4,864,514	4,836,294
Total Expenditures	66,862,190	85,257,676	88,649,262	71,728,157
Human Services, Department of				
General Fund	2,707,105,503	3,112,559,523	3,817,475,079	3,457,960,945
Lottery Funds	9,191,451	13,159,004	13,712,288	11,557,611
Other Funds	1,086,680,639	1,351,076,755	1,002,163,230	1,849,254,005
Federal Funds	6,020,928,817	7,549,876,528	9,605,356,247	10,106,001,872
Total Expenditures	9,823,906,410	12,026,671,810	14,438,706,844	15,424,774,433

Why Oregonians should vote NO on Measures 66 & 67

Appendix D

2009-11 Oregon Legislatively Adopted Budget (State funding: General, Lottery and Other; does NOT include Federal)

State Agency	Program Area	Change FTE	Net Chg in State Funding
Administrative Services, Department of	Administration	-96.56	\$898,032,743
Human Services, Department of	Human Services	1,252.68	\$841,977,279
Transportation, Department of	Transportation	5.46	\$475,771,360
Public Employees Retirement System	Administration	-33.33	\$184,561,899
Police, Department of State	Public Safety	66.49	\$146,658,019
Consumer and Business Services, Department of	Cons & Bus Svcs	-7.95	\$81,933,747
Private Health Partnerships, Office of	Human Services	23.66	\$70,776,812
Environmental Quality, Department of	Natural Resources	-7.18	\$42,038,386
Energy, Department of	Natural Resources	22.26	\$17,602,097
Liquor Control Commission, Oregon	Administration	5.04	\$12,144,110
Justice, Department of	Public Safety	13.12	\$9,029,900
Fish and Wildlife, Department of	Natural Resources	14.30	\$8,520,709
Revenue, Department of	Administration	44.04	\$4,929,379
Public Defense Services Commission	Judicial Branch	3.15	\$2,210,760
Water Resources Department	Natural Resources	-1.31	\$1,774,031
Nursing, Board of	Cons & Bus Svcs	6.00	\$1,453,130
Treasury, Oregon State	Administration	1.86	\$1,447,527
Governor, Office of the	Administration	3.44	\$1,214,928
Marine Board	Natural Resources	2.38	\$864,795
Medical Board (used to be Board of Medical Examiners)	Cons & Bus Svcs	2.70	\$642,609
Labor and Industries, Bureau of	Cons & Bus Svcs	-5.00	\$564,936
Pharmacy, Board of	Cons & Bus Svcs	-1.75	\$496,040
Real Estate Agency	Cons & Bus Svcs	-0.99	\$332,561
Long Term Care Ombudsman	Human Services	0.50	\$330,338
Government Ethics Commission	Administration	1.75	\$288,018
Dentistry, Board of	Cons & Bus Svcs	0.00	\$219,527
Library, Oregon State	Administration	-0.58	\$195,388
Mortuary and Cemetery Board	Cons & Bus Svcs	1.00	\$167,080
Counselors and Therapists, Board of Licensed Professional	Cons & Bus Svcs	0.50	\$113,991
Veterinary Medical Examiners Bd	Cons & Bus Svcs	0.50	\$102,650
Racing Commission	Administration	0.00	\$92,497
Chiropractic Examiners, Board of	Cons & Bus Svcs	0.00	\$86,839
Clinical Social Workers, Board of	Cons & Bus Svcs	0.50	\$69,657
Naturopathic Examiners	Cons & Bus Svcs	0.00	\$68,825
Radiologic Technology	Cons & Bus Svcs	0.00	\$66,644
Psychiatric Security Review Board	Human Services	0.00	\$45,824
Occupational Therapy Licensing Bd	Cons & Bus Svcs	0.00	\$41,402
Teacher Standards and Practices Commission	Education	1.50	\$27,747
Speech-Language Path. and Audio.	Cons & Bus Svcs	0.00	\$15,297
Judicial Fitness and Disability, Commission on	Judicial Branch	0.00	\$12,241
Advocacy Commission Office	Administration	0.00	\$10,452
Land Use Board of Appeals	Natural Resources	0.00	\$8,110
Health-Related Licensing Boards	Cons & Bus Svcs	0.00	\$0
Psychologist Examiners, Board of	Cons & Bus Svcs	0.42	-\$1,421
Licensed Dietitians	Cons & Bus Svcs	0.00	-\$5,119
Health Licensing Agency	Cons & Bus Svcs	1.60	-\$6,820
Employment Relations Board	Administration	-0.50	-\$20,449
Blind, Commission for the	Human Services	0.36	-\$42,166
Tax Practitioners, Board of	Cons & Bus Svcs	-1.00	-\$109,184
Columbia River Gorge Commission	Natural Resources	0.00	-\$116,929
Nursing Home Administrators	Cons & Bus Svcs	-0.92	-\$216,925

Why Oregonians should vote NO on Measures 66 & 67

Appendix D (continued)

2009-11 Oregon Legislatively Adopted Budget

(State funding: General, Lottery and Other; does NOT include Federal)

State Agency	Program Area	Change FTE	Net Chg in State Funding
District Attorneys and Their Deputies	Public Safety	0.00	-\$292,900
Accountancy, Board of	Cons & Bus Svcs	0.00	-\$311,152
Parole and Post-Prison Supervision, Board of	Public Safety	0.00	-\$411,048
County Fairs	Administration	0.00	-\$533,171
Construction Contractors Board	Cons & Bus Svcs	-3.76	-\$720,006
Geology and Mineral Industries, Department of	Natural Resources	0.38	-\$1,189,889
Public Safety Standards and Training, Department of	Public Safety	-23.26	-\$1,859,284
Historical Society	Administration	0.00	-\$1,984,668
Criminal Justice Commission	Public Safety	3.50	-\$2,279,216
Corrections, Department of	Public Safety	-26.15	-\$2,677,634
Aviation, Department of	Transportation	-0.62	-\$2,769,721
Oregon Public Broadcasting	Administration	0.00	-\$2,783,094
Oregon Health and Science University	Education	0.00	-\$2,851,625
Secretary of State	Administration	-1.20	-\$3,065,698
Agriculture, Department of	Natural Resources	-18.03	-\$3,198,520
Land Conservation and Development, Department of	Natural Resources	-10.73	-\$3,472,113
Youth Authority, Oregon	Public Safety	-5.16	-\$3,703,155
Military Department	Public Safety	9.49	-\$4,254,710
Public Utility Commission	Cons & Bus Svcs	2.75	-\$6,917,483
Student Assistance Commission	Education	-6.08	-\$10,461,132
Children and Families, Commission on	Human Services	-5.25	-\$13,842,877
Judicial Department	Judicial Branch	-216.79	-\$14,527,727
Lands, Department of State	Natural Resources	-0.29	-\$16,911,902
Watershed Enhancement Board, Oregon	Natural Resources	1.00	-\$17,617,832
Education, Department of	Education	-73.06	-\$19,954,793
Parks and Recreation Department	Natural Resources	-1.31	-\$35,546,832
Employment Department	Econ / Commun	324.55	-\$39,072,932
Legislative Branch	Legislative Branch	-22.55	-\$39,784,022
Business Development Department	Econ / Commun	0.34	-\$45,337,658
Community Colleges and Workforce Development, Department of	Education	3.33	-\$50,061,362
Forestry Department	Natural Resources	-56.89	-\$53,138,192
University System, Oregon (Dept of Higher Education)	Education	342.43	-\$60,172,739
Veterans' Affairs, Department of	Econ / Commun	-2.89	-\$114,647,581
Education, Department of (State School Fund)	Education	n/a	-\$460,550,704
Housing and Community Services Department	Econ / Commun	7.91	-\$579,027,583
Sub-TOTAL		1,539.80	\$1,190,490,316
MISCELLANEOUS - Emergency Board		0.00	\$0
TOTAL		1,539.80	\$1,190,490,316

Numbers above show the net change in state funding (excludes Federal)

from the

2007-09 Legislatively Approved (8-19-2009) Budget

to the

2009-11 Legislatively Adopted (8-19-2009) Budget

NOTE on Administrative Services, Department of:

The large increase from 2007-2009 is due to the addition of \$1.3 billion Other Funds Nonlimited expenditures for the OEBB to allow OEBB to provide pass-through payments to insurers on behalf of OEBB members. This substantial expenditure change masks budget cuts and other changes to the budget that eliminates positions, curtails programs, and continue core services at a reduced level.

NOTE on Transportation, Department of:

This agency shows most of its FEDERAL highway revenue as Other Funds (State).

Why Oregonians should vote NO on Measures 66 & 67

Appendix E (DHS Divisions by Fund)

Analysis of the 2009-11 Legislatively Adopted Budget LFO - September 30, 2009

Div	Division	2007-09 Legislatively Approved				TOTAL		
		General Fund	Lottery Funds	Other Funds	Federal Funds			
ASD	Administrative Services Division	\$206,169,219	\$0	\$52,659,688	\$267,558,211	\$526,387,118		
DMAP	Division of Medical Assistance Programs	\$910,830,035	\$0	\$720,434,494	\$2,793,556,876	\$4,424,821,405		
AMH	Addictions and Mental Health Division	\$501,669,029	\$13,159,004	\$34,287,119	\$203,139,636	\$752,254,788		
PHD	Public Health Division	\$45,685,107	\$0	\$109,830,852	\$351,205,952	\$506,721,911		
CAF	Children, Adults and Families Division	\$566,195,150	\$148,525,750	\$879,889,708	\$1,253,024,816	\$2,847,635,424		
SPD	Seniors and People with Disabilities	\$880,633,665	\$0	\$196,316,687	\$1,801,501,329	\$2,878,451,681		
		2009-11 Legislatively Adopted				TOTAL		
		General Fund	Lottery Funds	Other Funds	Federal Funds			
ASD	Administrative Services Division	\$233,322,463	\$0	\$84,705,851	\$242,039,499	\$560,067,813		
DMAP	Division of Medical Assistance Programs	\$943,086,659	\$0	\$1,029,618,161	\$4,163,810,498	\$6,136,515,318		
AMH	Addictions and Mental Health Division	\$612,705,753	\$11,557,611	\$35,496,001	\$277,014,030	\$936,773,395		
PHD	Public Health Division	\$48,995,951	\$0	\$113,891,665	\$346,004,100	\$508,891,716		
CAF	Children, Adults and Families Division	\$670,631,655	\$141,192,856	\$923,621,589	\$1,968,936,131	\$3,704,382,231		
SPD	Seniors and People with Disabilities	\$948,555,146	\$0	\$165,170,353	\$2,184,576,025	\$3,298,301,524		
CHANGES from 2007-09 to 2009-11		General Fund	Lottery Funds	Other Funds	Federal Funds	TOTAL	% All	% State
ASD	Administrative Services Division	\$27,153,244	\$0	\$32,046,163	-\$25,518,712	\$33,680,695	1.0%	8.5%
DMAP	Division of Medical Assistance Programs	\$32,256,624	\$0	\$309,183,667	\$1,370,253,622	\$1,711,693,913	53.3%	49.0%
AMH	Addictions and Mental Health Division	\$111,036,724	-\$1,601,393	\$1,208,882	\$73,874,394	\$184,518,607	5.8%	15.9%
PHD	Public Health Division	\$3,310,844	\$0	\$4,060,813	-\$5,201,852	\$2,169,805	0.1%	1.1%
CAF	Children, Adults and Families Division	\$104,436,505	-\$7,332,894	\$43,731,881	\$715,911,315	\$856,746,807	26.7%	20.2%
SPD	Seniors and People with Disabilities	\$67,921,481	\$0	-\$31,146,334	\$383,074,696	\$419,849,843	13.1%	5.3%
TOTAL		\$346,115,422	-\$8,934,287	\$359,085,072	\$2,512,393,463	\$3,208,659,670	100.0%	100.0%

In Oregon, the (Food Stamp / SNAP) Program is administered by the Department of Human Services (DHS) Children, Adults and Families (CAF) Division.

Unemployment benefits in Oregon are handled by another state agency, the Employment Department. State funding for the Employment Department was cut by \$39 million, and Federal funding for the Employment Department increased by \$405 million.

Why Oregonians should vote NO on Measures 66 & 67

Appendix F (2009 expansion of the Oregon Health Plan)

HB 2009 & HB 2116 (2009 Oregon Session)		
\$359,400,000	paid from Other Funds (State) ^{Note2}	31.9%
\$767,600,000	paid from Federal funds	68.1%
\$1,127,000,000	TOTAL for biennium	
\$563,500,000	TOTAL per year	
80,000	additional children covered	
35,000	additional low-income adults covered	
115,000	TOTAL new covered by HB 2009 & HB 2116	
\$4,900	Avg cost per person per year covered by HB 2009 & HB 2116	

Source for number of new insured by HB 2009 & HB 2116:

http://www.salem-news.com/articles/june122009/oregon_health_6-12-09.php

Source for \$ info (SB 5529):

75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY
JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 5529-A
Carrier – House: Rep. Kotek
Carrier – Senate: Sen. Bates

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 15 – 6 – 1

Select OHP Costs (biennium)	#	Avg Cost
\$258,000,000 Non-OHP Medicaid (programs & services)	81,000	\$3,185.19
\$284,200,000 OHP Standard	29,000	\$4,900
\$98,000,000 FHIAP (Oregon's Family Health Insurance Assistance Program)	10,000	\$4,900
\$640,200,000 estimated cost (biennium) of OHP coverage that is above-and-beyond standard Medicaid		
\$240,395,100 amount of that cost (biennium) that comes from state funds ^{Note 1}		
Total covered (prior to additional 115,000 new covered by HB 2009 & HB 2116):		120,000
Sources: (numbers in blue are derived) from DMAP 2009-2011 Budget overview: http://www.oregon.gov/DHS/aboutdhs/budget/09-11budget/wm/dmap/overview.pdf		

^{Note1}To estimate how much of the \$640M is Federal, the FMAP FY 2009 Oregon rate of 62.45% is used.
(\$640M x 62.45% = \$400M Federal, \$240M state)

^{Note2} paid for with hospital tax increase & new 1% tax on insurance premiums collected by health insurers

<http://ccf.georgetown.edu/index/cms-filesystem-action?file=ccf%20publications/about%20medicaid/nasbo%20final%205-1-08.pdf>

Appendix F links:

http://www.salem-news.com/articles/june122009/oregon_health_6-12-09.php

<http://www.oregon.gov/DHS/aboutdhs/budget/09-11budget/wm/dmap/overview.pdf>

<http://ccf.georgetown.edu/index/cms-filesystem-action?file=ccf%20publications/about%20medicaid/nasbo%20final%205-1-08.pdf>

Why Oregonians should vote NO on Measures 66 & 67

Appendix G (Oregon business taxes may be understated on COST study)

Table 7. Business taxes as a share of state, local and total taxes and private sector GSP, FY2008 (\$ billions)

	State			Local			State and local			Percent of GSP*
	Business	Total	Business share	Business	Total	Business share	Business	Total	Business share	
Alabama	\$3.9	\$9.2	41.8%	\$2.4	\$4.5	53.1%	\$6.3	\$13.8	45.5%	4.5%
Alaska	7.6	7.8	96.8%	0.6	1.3	44.4%	8.2	9.2	89.3%	22.3%
Arizona	5.1	11.7	43.1%	5.2	8.8	59.1%	10.2	20.5	49.9%	4.7%
Arkansas	2.8	7.8	35.8%	1.0	1.8	52.1%	3.7	9.6	38.9%	4.5%
California	47.1	123.3	38.2%	26.7	58.0	46.0%	73.7	181.3	40.7%	4.6%
Colorado	3.4	10.0	34.0%	5.3	9.6	54.8%	8.7	19.6	44.2%	4.2%
Connecticut	4.2	13.9	30.0%	3.1	8.6	36.1%	7.3	22.5	32.3%	3.7%
Delaware	1.8	3.2	56.8%	0.3	0.8	37.4%	2.1	4.0	52.8%	3.8%
Florida	16.7	37.3	44.7%	17.3	32.6	52.9%	33.9	69.9	48.5%	5.2%
Georgia	5.9	18.5	31.6%	8.1	15.1	53.3%	13.9	33.6	41.4%	4.0%
Hawaii	1.6	5.2	30.7%	0.9	1.4	65.0%	2.5	6.7	38.1%	5.4%
Idaho	1.2	3.8	31.0%	0.9	1.5	60.6%	2.1	5.3	39.4%	4.7%
Illinois	13.8	31.9	43.1%	13.2	26.6	49.6%	26.9	58.5	46.0%	4.9%
Indiana	4.7	15.5	30.2%	6.4	10.4	61.7%	11.1	25.8	42.9%	5.0%
Iowa	2.2	6.9	31.5%	3.0	4.5	66.9%	5.2	11.4	45.5%	4.6%
Kansas	2.7	7.4	36.8%	3.0	4.6	64.6%	5.7	12.0	47.5%	5.7%
Kentucky	4.1	10.2	39.7%	1.9	4.1	46.4%	6.0	14.3	41.6%	4.5%
Louisiana	5.4	10.8	50.0%	4.7	6.2	75.8%	10.1	17.0	59.4%	5.2%
Maine	1.3	3.9	32.3%	1.8	2.5	71.3%	3.0	6.4	47.4%	7.3%
Maryland	5.4	17.0	32.0%	3.8	13.0	29.0%	9.2	29.9	30.7%	4.1%
Massachusetts	7.4	23.3	31.7%	6.2	12.5	49.4%	13.6	35.8	37.9%	4.2%
Michigan	9.4	25.8	36.3%	7.4	13.7	54.3%	16.8	39.5	42.5%	5.0%
Minnesota	6.6	19.2	34.6%	3.2	5.7	55.1%	9.8	24.9	39.3%	4.3%
Mississippi	2.6	6.7	38.5%	1.8	2.4	74.4%	4.4	9.2	48.1%	6.0%
Missouri	3.9	11.6	33.5%	4.4	8.9	49.3%	8.3	20.5	40.4%	4.1%
Montana	1.2	2.5	47.1%	0.7	1.0	66.4%	1.9	3.5	52.5%	6.4%
Nebraska	1.6	4.3	36.6%	1.9	3.2	59.6%	3.5	7.5	46.5%	5.1%
Nevada	2.9	6.5	45.0%	2.3	4.0	57.9%	5.2	10.5	49.9%	4.6%
New Hampshire	1.4	2.3	60.5%	1.4	2.7	51.0%	2.8	5.0	55.4%	5.4%
New Jersey	12.3	32.3	38.0%	8.4	23.4	36.0%	20.7	55.7	37.2%	5.0%
New Mexico	2.8	4.9	57.0%	1.0	1.9	53.6%	3.8	6.8	56.1%	6.0%
New York	21.2	65.9	32.2%	36.2	74.6	48.6%	57.4	140.5	40.9%	5.8%
North Carolina	7.6	23.7	32.1%	4.8	10.4	45.6%	12.4	34.2	36.2%	3.6%
North Dakota	1.5	2.4	64.1%	0.6	0.8	68.5%	2.1	3.2	65.3%	8.9%
Ohio	9.3	24.9	37.4%	9.6	19.9	48.2%	18.9	44.8	42.2%	4.6%
Oklahoma	4.0	8.6	46.6%	2.3	3.9	57.7%	6.3	12.5	50.1%	5.3%
Oregon	2.4	8.0	30.4%	2.7	5.3	50.0%	5.1	13.3	38.2%	3.7%
Pennsylvania	14.3	34.4	41.5%	9.0	22.4	40.4%	23.3	56.8	41.1%	4.9%
Rhode Island	1.1	2.9	38.0%	1.2	2.2	56.6%	2.3	5.1	45.8%	5.7%
South Carolina	2.6	8.8	29.9%	3.4	5.2	65.8%	6.0	13.9	43.3%	4.7%
South Dakota	0.7	1.3	54.6%	0.8	1.2	69.9%	1.5	2.5	61.7%	5.2%
Tennessee	5.6	11.9	47.4%	4.0	7.2	55.9%	9.7	19.2	50.6%	4.5%
Texas	27.4	45.3	60.6%	27.1	43.8	61.8%	54.5	89.1	61.2%	5.3%
Utah	2.0	6.3	31.7%	1.6	3.1	52.0%	3.6	9.4	38.5%	3.9%
Vermont	1.0	2.4	43.2%	0.2	0.4	61.9%	1.3	2.8	45.8%	6.0%
Virginia	5.2	19.1	27.3%	7.0	14.3	49.2%	12.2	33.4	36.7%	3.9%
Washington	10.3	19.2	53.6%	4.5	9.7	46.6%	14.8	28.9	51.3%	5.5%
West Virginia	2.2	5.0	43.1%	1.2	1.5	83.2%	3.4	6.5	52.2%	7.1%
Wisconsin	4.8	14.5	32.7%	4.7	9.4	49.7%	9.4	24.0	39.4%	4.6%
Wyoming	1.7	2.2	75.0%	0.8	1.1	73.0%	2.5	3.4	74.3%	9.2%
Dist. of Columbia	2.6	5.4	48.1%	0.0	0.0	0.0%	2.6	5.4	48.1%	4.1%
United States	\$320.1	\$807.1	39.7%	\$269.8	\$531.9	50.7%	\$590.0		44.1%	4.9%

*Percent of calendar year 2007 private sector GSP equivalent to a total effective business tax rate on economic activity occurring within the state.

Source: EY calculations. Figures do not appear to sum due to rounding.

Council on State Taxation

"Total state and local business taxes - 50 state estimates for fiscal year 2008" - January 2009

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An indication that the study may be understating how much Oregon businesses pay can be found on page 15 of the study - the study only reports total state taxes of \$8 billion in 2008, which would be \$16 billion for the biennium. But according to the 2007-09 Legislatively Approved Budget the total state taxes were \$13.95 billion General Fund, \$1.15 billion Lottery Funds and \$23.6 billion Other Funds.

Why Oregonians should vote NO on Measures 66 & 67

Appendix G (continued)

Budget Highlights 2007-09 Legislatively Adopted Budget (Sept 2007)
page E-18

	2003-05 Actual \$	2005-07 Legislatively Approved \$	2007-09 Governor's Recommended \$	2007-09 Legislatively Adopted \$
STATE OF OREGON TOTAL EXPENDITURES				
General Fund	10,223,197,575	11,640,600,143	13,840,675,330	13,954,704,763
Lottery Funds	746,406,362	837,320,837	1,088,521,729	1,151,573,906
Other Funds	19,806,299,641	22,126,707,036	24,761,596,893	23,604,630,885
Federal Funds	7,967,105,536	8,661,959,840	9,531,105,662	9,294,500,100
Total Expenditures	38,743,009,114	43,266,587,856	49,221,899,614	48,005,409,654

http://www.leg.state.or.us/comm/lfo/2007-09_budget/2007-09%20Budget%20Highlights.pdf

http://www.leg.state.or.us/comm/lfo/2007-09_budget/2007-09%20Budget%20Highlights.pdf

Oregon businesses pay lots of taxes & fees that are reported under the Other Funds

Oregon Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

State of Oregon

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis -
All Budgeted Appropriated Funds
For the Biennium Ending June 30, 2009
As of June 30, 2008
(In Thousands)
(continued from previous page)**

	Other Funds			
	2007-2009 Original Budget	2007-2009 Final Budget	1st Year Actual	Variance Over/ (Under)
Revenues:				
Personal Income Taxes	\$ 15	\$ 15	\$ -	\$ (15)
Corporate Income Taxes	-	-	-	-
Tobacco Taxes	411,100	411,100	171,965	(239,135)
Motor Fuels Taxes	889,774	889,774	344,049	(545,725)
Weight-Mile Taxes	506,071	506,071	239,880	(266,191)
Vehicle Registration Taxes	-	-	182,902	182,902
Employer-Employee Taxes	628,615	628,615	-	(628,615)
Other Taxes	2,631,354	2,572,367	201,417	(2,370,950)
Licenses and Fees	923,888	925,356	288,953	(636,403)
Federal	1,997,596	1,997,596	426,837	(1,570,759)
Charges for Services	3,050,138	3,056,769	931,267	(2,125,502)
Fines and Forfeitures	198,364	198,364	84,353	(114,011)
Rents and Royalties	130,795	131,230	50,953	(80,277)
Investment Income	11,422,568	11,422,568	88,733	(11,333,835)
Sales	517,318	517,318	146,135	(371,183)
Donations and Grants	369,598	364,578	14,650	(349,928)
Pension Bond Debt Service Assessments	-	-	118,158	118,158
Other	1,969,682	1,994,917	274,285	(1,720,632)
Total Revenues	25,646,876	25,616,638	3,564,537	(22,052,101)

http://www.oregon.gov/DAS/SCD/SARS/docs/2008_CAFR.pdf (pg 122)

Why Oregonians should vote NO on Measures 66 & 67

Appendix H (Other Funds break-down)

Other Funds break-down from the 2008 CAFR

Other Funds - Revenues	2007-2009 Final Budget (thousands)
<i>Personal Income Taxes in Other Funds</i>	\$15
Tobacco Taxes	\$411,100
Motor Fuels Taxes	\$889,774
Weight-Mile Taxes	\$506,071
Vehicle Registration Taxes	\$0
Employer-Employee Taxes	\$628,615
Other Taxes <i>includes:</i> <ul style="list-style-type: none"> • Forest Products Harvest tax • long-term care provider tax • hospital provider tax • Medicaid provider tax • Inheritance Taxes • Insurance Taxes 	\$2,572,367
Licenses and Fees <ul style="list-style-type: none"> • Vehicle Licenses • Business Lic and Fees • Public Utilities Fees • Hunter and Angler Licenses • State Court Fees • Non-business Lic. and Fees • Drivers Licenses • Transportation Lic and Fees • Park User Fees • Corporation Fees • Fire Marshal Fees • Power and Water Fees • Commercial Fish Lic and Fees 	\$925,356
Federal <i>ODOT shows most of its federal highway revenue as Other Funds</i>	\$1,997,596
Charges for Services <i>(much of this is higher education tuition & fees)</i>	\$3,056,769
Fines and Forfeitures	\$198,364
Rents and Royalties	\$131,230
Investment Income	\$11,422,568
Sales <i>(mostly liquor & state forest land sales)</i>	\$517,318
Donations and Grants	\$364,578
Pension Bond Debt Service Assessments	\$0
Other	\$1,994,917
Total Revenues	\$25,616,638

http://www.oregon.gov/DAS/SCD/SARS/docs/2008_CAFR.pdf (pg 122)

additional detail on budget lines provided by LFO

Why Oregonians should vote NO on Measures 66 & 67

Appendix I

Examples of Fund Shifting & Getting Fees Revenue into the General Fund

What discretion does the Legislature have regarding how Other Funds are spent?

SEE pg 4 of A-Engrossed House Bill 3405 (Section 13) for an example of fees being moved into the General fund - with a portion being continuously appropriated to an agency and a portion being available for general governmental expenses

<http://www.leg.state.or.us/09reg/measpdf/hb3400.dir/hb3405.a.pdf>

Other Funds Revenue Transfer Actions

During the 1990s and the early part of the current decade, the budget included sizable shifts of the source of funding for many state programs. **Primarily this shift was to reduce the use of General Fund for programs and use Other or Federal Funds instead.** This practice occurred on a limited basis during the 2005-07 biennium. Notable in the current budget are fund shifts from Other or Federal Funds to General Fund. Examples of these actions include:

- Replacement of declining grant funds for the ASPIRE program in the Oregon Student Assistance Commission budget.
- In the Department of Human Services budget, **\$24.5 million** General Fund was used to replace TMSA funds, **\$14.3 million** General Fund was used for Temporary Assistance to Needy Families (TANF) maintenance of effort backfill, **\$8.3 million** General Fund for Department Wide Support Services due to less federal revenue than anticipated, and **\$10.6 million** General Fund for the Oregon State Hospital due to less available Other and Federal Funds.

SOURCE: Budget Highlights 2007-09 Legislatively Adopted Budget (LEGISLATIVE FISCAL OFFICE SEPTEMBER 2007)

"During the 2009 legislative session, for example, the Legislature transferred a portion of Other Funds balances from 40 accounts and subaccounts in the amount of **\$82.9 million** to the General Fund in SB 581."

http://www.leg.state.or.us/budget/agency_projected/CAFR_memo.pdf

"At least one state has statutes that allow the finance director to transfer "excess cash" from non-general fund programs to the general fund."

June 11, 2009 letter from Legislative Fiscal Officer Ken Rocco to Senate President Peter Courtney & House Speaker Dave Hunt

http://www.leg.state.or.us/budget/agency_projected/CAFR_memo.pdf (pg 3)

"As a result, many of the "potential surpluses" are not actually available to shore up deficits" - **this implies that some ARE available, and even a portion of these billions of dollars is significant**

June 11, 2009 letter from Legislative Fiscal Officer Ken Rocco to Senate President Peter Courtney & House Speaker Dave Hunt

http://www.leg.state.or.us/budget/agency_projected/CAFR_memo.pdf (pg 4-5)