

**10/21 – 1:05pm**

**BALLOT TITLE - MEASURE 66**

**RAISES TAX ON HOUSEHOLD INCOME AT AND ABOVE \$250,000 (AND \$125,000 FOR INDIVIDUAL FILERS). REDUCES INCOME TAXES ON UNEMPLOYMENT BENEFITS IN 2009. MAINTAINS FUNDS CURRENTLY BUDGETED FOR EDUCATION, HEALTH CARE, PUBLIC SAFETY, OTHER SERVICES.**

**RESULT OF “YES” VOTE:** “Yes” vote raises tax on income at and above \$250,000 for households, \$125,000 for individual filers. Tax rate increases 1.8 percentage points on amount of taxable income between \$250,000 and \$500,000, 2 percentage points on amount above \$500,000 for households. For individual filers, the rate increases begin at \$125,000 and \$250,000 respectively. Eliminates income taxes on the first \$2,400 of unemployment benefits received in 2009. Raises estimated \$472 million to maintain funds currently budgeted for education, health care, public safety, other services.

**RESULT OF “NO” VOTE:** “No” vote rejects tax changes on income at and above \$250,000 for households, \$125,000 for individual filers. Rejects tax exemption for first \$2,400 of unemployment benefits received in 2009. Reduces funding currently budgeted for education, health care, public safety, other services by estimated \$472 million.

**SUMMARY:** Under current law, a marginal tax rate of 9% applies to taxable household income over \$15,200 (or \$7,600 for individual filers), taxpayers may deduct federal income taxes paid, and unemployment compensation is taxable. Measure eliminates income taxes on first \$2,400 of unemployment benefits received in 2009. For tax years 2009-2011, the measure increases tax rate 1.8 percentage points on amount of household income between \$250,000 and \$500,000, by 2 percentage points on amount above \$500,000 (for individual filers, rate increases begin at \$125,000 and \$250,000, respectively). For the tax year beginning 2012, the tax rate for households with income above \$250,000 (above \$125,000 for single filers) will drop to 9.9%. Measure does not increase tax rate on household income below \$250,000 (below \$125,000 for individual filers). For households with adjusted gross income at or above \$250,000 (or \$125,000 for individual filers), reduces federal income tax deduction. Raises \$472 million to maintain funds currently budgeted for education, health care, public safety, other services. Because some state money brings in federal matching funds, Oregon will likely receive more federal money if measure passes than if it fails. Other provisions.

**EXPLANATORY STATEMENT:** Measure 66 establishes new marginal state income tax rates for households with income over \$250,000 a year, and individual filers with income over \$125,000 a year beginning in tax year 2009. The Measure would not increase taxes on household income under \$250,000 (or \$125,000 for individual filers). The Measure would exempt from income taxes the first \$2,400 in unemployment compensation received in 2009. The Measure would raise approximately \$472 million, which would maintain funds currently budgeted for education, health care, public safety

and other services. Approximately 90% of the state general fund budget goes to education, health care and public safety.

Under current law, unemployment compensation benefits are taxable income. The Measure eliminates income taxes on the first \$2,400 of unemployment benefits received in 2009, so that individuals who received unemployment compensation in 2009 will not have to pay state income taxes on those benefits.

Under current law, a marginal tax rate of 9% applies to taxable household income over \$250,000 a year, and individual filers with income over \$125,000 a year. Measure 66 increases the marginal tax rate by 1.8 percentage points on household income between \$250,000 and \$500,000 and by 2 percentage points on household income above \$500,000. For individual filers, the marginal tax rate increase of 1.8 percentage points begins for income over \$125,000 and the 2 percentage points increase begins for income over \$250,000. For the tax year beginning 2012, the tax rate for households with income above \$250,000 and \$125,000 for individual filers will drop to 9.9%. The Measure also phases out the federal income tax deduction for households with adjusted gross income at or above \$250,000 and individuals with income at or above \$125,000. Income tax rates will not increase on household income under \$250,000 and individual income under \$125,000.

Because some state money brings in federal matching funds, the state is likely to receive more federal money if the Measure passes than if the Measure fails.