

10/21, 1:30pm

BALLOT TITLE - MEASURE 67

RAISES \$10 CORPORATE MINIMUM TAX, BUSINESS MINIMUM TAX, CORPORATE PROFITS TAX. MAINTAINS FUNDS CURRENTLY BUDGETED FOR EDUCATION, HEALTH CARE, PUBLIC SAFETY, OTHER SERVICES.

RESULT OF “YES” VOTE: “Yes” vote raises \$10 corporate minimum tax, establishes \$150 minimum tax for most businesses or minimum tax of approximately 0.1% of total Oregon revenues for some corporations with over \$500,000 in Oregon revenues. Raises tax rate some corporations pay on profits by 1.3 percentage points. Increases certain business filing fees. Raises estimated \$255 million to maintain funds currently budgeted for education, health care, public safety, other services.

RESULT OF “NO” VOTE: “No” vote retains \$10 corporate minimum tax, rejects \$150 minimum tax, rejects raising corporate profits tax, other changes. Reduces funding currently budgeted for education, health care, public safety, other services by estimated \$255 million.

SUMMARY: Under current law, corporations conducting business in Oregon pay \$10 minimum tax; tax has not changed since 1931. Some corporations pay a profits tax of 6.6%. All other businesses pay no minimum or profits tax. Beginning in tax year 2009, the Measure increases \$10 minimum corporate tax to \$150; some corporations with over \$500,000 in Oregon revenues will pay minimum tax of approximately 0.1% of Oregon revenues. Limits tax to \$150 for S corporations and partnerships. Sole proprietors are not impacted by this measure. Raises tax rate some corporations pay on profits by 1.3 percentage points until 2011; increase then drops to 1 percentage point and as of 2013 applies only to profits over \$10 million. Corporations pay minimum tax or profits tax, not both. Increases filing fees by \$50 for Oregon businesses, by \$225 for out of state businesses. Raises estimated \$255 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 the Measure fails. Other provisions.

EXPLANATORY STATEMENT: Measure 67 raises the corporate minimum tax for the first time since 1931. Beginning in tax year 2009, S corporations and partnerships will pay \$150. The Measure increases the tax C corporations will pay on profits. Some filing fees with the Secretary of State also will be increased. Sole proprietors are not subject to the minimum tax. The Measure will raise an estimated \$255 million to 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. Because some state money brings in federal matching funds, Oregon will likely receive more federal money if the measure passes than if the Measure fails.

Beginning in tax year 2009, the Measure raises the corporate minimum tax from \$10 to \$150. C corporations with over \$500,000 in Oregon revenues will pay a minimum tax of

approximately 0.1% of Oregon revenues. The tax rate for profits over \$250,000 paid by C corporations will increase by 1.3 percentage points for 2009 and 2010. The rate increase is reduced to 1.0 percentage point for tax years 2011 and 2012. For tax years after 2012, the profits tax rate returns to 6.6% for all C corporation profits below \$10 million, and the marginal tax rate of 7.6% will apply to C corporations' profits over \$10 million. C Corporations pay minimum tax or profits tax, not both.

For business entities other than C corporations, such as S corporations and partnerships, the Measure sets the taxes those businesses will pay at \$150.

The Measure also increases the filing fees that businesses will pay to the Secretary of State. Filing fees will increase from \$50 to \$100 for Oregon businesses, and from \$50 to \$275 for out of state businesses. Fees for filing uniform commercial code financing statements will increase by \$5 and the application fee to be a notary public will increase from \$20 to \$40.