

Vote No on Measures 66 and 67.

Oregon voters are going to be asked to make a decision regarding two very important new tax increases, Measures 66 and 67. As expected, many voices have called out both supporting and opposing these measures.

I voted against these tax increases when they came through the legislature... and I would like to share with you some facts about our State Budget and these tax increases, ask you some of the same questions I asked myself before I voted, and then let you decide what should be done.

Fact #1 – Oregon State Government Spending will increase by \$4.7 Billion

Regardless of whether these tax measures pass or fail, Oregon state government will continue to increase the amount of money it is spending in the next two years, above and beyond what has already been spent during the past two years. Although individuals, families, and businesses have had to cut back to deal with these hard times, in the current 2009-2011 Budget, Oregon State has expanded programs, added 1,540 additional employees, increased spending by \$4.7 Billion and increased long term debt by \$4 Billion. This is a 9.3% increase in spending from the last biennium, or 2 year Budget. That's right! Over the next two years the level of state government spending will increase by \$4.7 Billion.

Please see [“Oregon Budget History—All Funds”](#) and [“2009-11 Legislatively Adopted Budget Totals \\$55.9233 Billion”](#) Below for charts illustrating this increase. These charts are taken from the [“2009-11 Budget Highlights”](#) document distributed by the Legislative Fiscal Office, a non-partisan state office. There is a link to this document on my website also.

For example, under the current legislative adopted budget, the Department of Human Services is scheduled to add more programs and increase their budget by 29.4% (that is \$3.5 billion more!) This means an increase of 1,150 full time positions for DHS alone.

Please see [“Department of Human Services 09-11 Budget”](#) on my website for more information

Fact #2: Neither Measures 66 or 67 directly provides funds to any specific program in Oregon.

When you hear that services will be cut if you vote “NO” that is simply Not True. Voting “NO” on either measure will NOT automatically cut funding going to any existing program

Fact #3: Oregon has the second highest unemployment rate in the Nation.

Douglas County's unemployment level exceeds most other Oregon communities. This past year alone, over 130,000 private sector jobs were lost in Oregon while the number of government full time employees has grown over 1,500. On top of this job loss, independent, non-partisan studies predict that the passage of Measures 66 and 67 could cause another 70,000 private sector jobs to disappear in Oregon.

Please see [“Oregon Employment Trends Nov 2008 – November 2009”](#) for a chart illustrating this disproportionate growth of government to the private sector.

Fact#4: Measures 66 and 67 represent the largest tax increase in Oregon history.

Passage of these measures will raise the personal income tax rate for individuals by 18% and will for the first time tax the gross receipts (regardless of profits) of businesses, just like a sales tax. These two measures represent the largest tax increase in Oregon history.

Oregonians will then have the highest personal income tax rate and the highest corporate minimum tax rate in the nation. Many small business owners (especially those with high volume and low profit margins like our timber mills) will face the prospect of paying taxes, even when their business lost money during the past year. So when you hear these taxes being described as “Just a little bit more” remember that 18% is more than just a little bit. For many of us an increase in income of 18% would be described as huge.

Washington and Nevada collect zero personal income taxes and Oregon will be at 11%. Lets see, which sounds better...the lowest tax in the nation or the highest? While Oregon could point to the fact that we have zero sales tax that does not change the national income tax rankings, and the poor publicity high-taxing states receive when businesses are looking to build or expand.

Please see [“Small Business & Entrepreneurship Council - Business Tax Index 2009”](#) on my website.

Fact #5: There are other options besides raising taxes or cutting services

The proponents of these Measures would have us think that life as we know it will end without these two tax Measures and there are no other options besides cutting services. House and Senate Republicans have compiled a list of Alternatives to fill in the additional budget gap without cutting essential state services or raising taxes at such a difficult economic time.

These Alternatives include ideas like implementing the “DHS Transportation Roadmap” which is a list of ways that the Oregon Department of Human Services can be more efficient internally. This was an independent study done several years ago that found that if DHS implemented these certain steps it could save the State over \$200 Million.

Other alternatives include asking state employees to pay for their health benefits at the same rate that teachers pay. Oregon is currently the only state in the nation requiring zero contribution. Just this step could save the state \$131 Million. Together, all of these Alternatives add up to just over \$1 Billion, covering the \$740 Million that will be raised with these taxes.

For more information on these alternatives please see [“HRO Budget Alternatives”](#) on my website.

Fact #6: Most people in this country are employed by small business

The greatest economic engine in Oregon and in the U.S. is not government, and it’s not the huge multinational companies...it is small to mid-sized businesses like mine and many of yours.

When the overall cost of running a business exceeds earnings, a business either has to cut expenses (including employee’s benefits, wages, or even their job), move to a less expensive location, or shut down all together. This is happening today all over Oregon. Many small family owned businesses are on the brink of going under. The last thing they need is to be asked to give more to the government.

The spending by government just goes up and up every year. The number of state employees continues to rise every year. And, of course, good times or bad...our taxes just continue to go higher. (See the reference charts and documents below for illustration of these clear increase)

Ask yourself.....

- 1. Does it make sense to increase the financial burden on companies and families when they are barely able to make ends meet now?**
- 2. What happens to our communities if our small businesses disappear or if large companies decide it is just too expensive to do business in Oregon and move elsewhere?**
- 3. Do you believe, even for a moment, that if taxes are raised this time around...that will be the end of it?**
- 4. Do you actually believe that this will be the last of the tax increase requests?**

There are always difficult decisions that need to be made when you have more needs to fill than resources available. That is the day to day dilemma most of us face. We need to closely monitor our spending and when times are hard, prioritize our spending and cut unnecessary items out of our budget

These can be very difficult decisions, and much thought should be given to arriving at the choices. Families and business do that every day, why shouldn't government?

Most importantly, we should not do anything to make the situation even worse. Imposing retroactive taxes on families and businesses at a time when they are struggling will make matters worse.

So given these facts (along with many more) and the knowledge that there are, in fact, other Alternatives, I voted "NO" to these tax increases and I will vote "NO!" again.

Help me send a message to Salem that we cannot tax our way out of this recession!

Government Efficiency and Accountability

Tim Freeman believes the state's budget should begin at current spending levels and with the revenue the state actually has. The state must force Oregon's state agencies to justify increased spending requests, utilize agency cash balances where appropriate, and freeze salaries across state government. The idea of starting out with an 11% increase from the previous year is clearly unsustainable and irresponsible.

Please see ["Back to Basics" Budget](#) on my website.