

Chamber Takes Up Fight for Business

"The Salem Chamber is all in," says Salem Chamber CEO Mike McLaran.

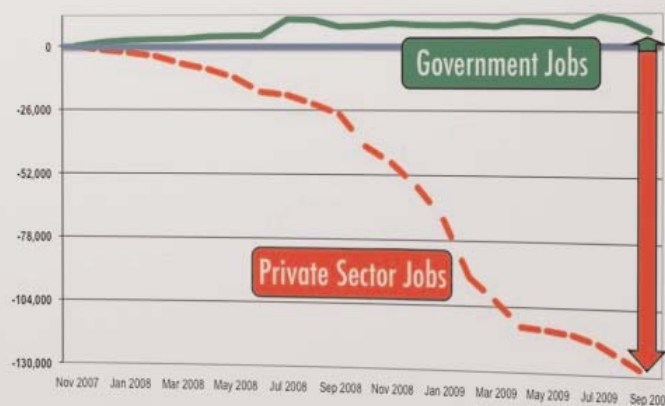
The Salem Area Chamber of Commerce Board of Directors voted unanimously to oppose Measures 66 and 67. Both tax measures will be appearing on a special ballot being mailed to Oregonians beginning January 8th of 2010. Ballots will be due by Tuesday, January 26th of 2010.

Measure 66 would increase income taxes by 20% for individuals earning more than \$125,000 a year, giving Oregon the second highest income tax rate in the nation - higher than both New York and California. The proposed tax increases would also be retroactive to January 1st of 2009 and no money to cover the tax increase has been withheld from Oregonians' paychecks during all of 2009.

Measure 67 has two major elements:

1) A 20% increase in the corporate income tax rate from 6.6 to 7.9. This rate will apply to businesses filing taxable incomes of more than \$250,000 in 2009 & 2010. The rate drops to 7.6% thereafter and represents a 15% corporate income tax increase in 2011 and 2012. Corporate businesses with taxable income of more than \$10 million will see a permanent 15% increase in 2013

Oregon's Current Recession Job Trends



Source: Oregon Employment Department

Government sector employment has continued to rise. State employment has increased by more than 2%, while private sector employment has dropped by 9%.

Source: <http://www.stopjobkillingtaxes.com>

and beyond.

2) A change to the corporate minimum (for companies with no taxable income) to a gross receipts tax that would raise the tax liability from \$10 up to a potential \$100,000, based on Oregon SALES, not profits.

Measure 67 would also tax S-Corporations at \$150, impose a new tax of \$150 on businesses fil-

story continued on back

New tax measures hurt business



Small Businesses that post losses would still pay new permanent taxes under Measure 67.

In voting to oppose both Measures 66 and 67 on the special election ballot this January, the Salem Chamber Board of Directors also took action to raise \$100,000 to fight the measures at the ballot box.

Chamber Board members vowed to raise funds within the business community to assist in communicating the real impact increased business taxes will have on small businesses during challenging economic times.

Board member Brent DeHart is leading the effort to raise \$100,000 among business community leaders and partners.

"This is a fight we need to win for the well being of businesses throughout the state," said DeHart. "The permanency and formula used to assess these taxes will hurt our ability to employ people, provide benefits, and ultimately even stay in business."

DeHart owns a Shell gas station located on the corner of Mission Street and 22nd Street as well as Salem Aviation Fueling. DeHart employs about 20 individuals as a part of his retail gasoline business on Mission Street. Sales in the past have exceeded \$7 million in the last several years, but in 2009 DeHart expects sales to be approximately \$5 million.

President's Diamond Circle Members*



Portland General Electric



"This new tax on C-corporations like me will absolutely devastate high margin, low profit operations like the gasoline business," said DeHart.

Based on the formula used in Measure 67, DeHart's new tax bill would be \$4,000 to \$7,500 even though no profit was made on the business.

"There is nowhere for that money to come from except my family's household budget," said DeHart. "My other option is to fire a key employee and take all their responsibilities on myself."

Business groups and associations throughout the state have unified to oppose the tax measure to protect small businesses like the one owned by Brent DeHart. A variety of business sectors are expected to be hit directly by the new corporate minimum tax based on gross sales.

"Gasoline dealers, grocers, car dealers and farmers are just four examples of businesses that can be small, family owned C-corporations with high sales and very low or negative margins," said DeHart.

Proponents argue the new formula represents only .01% of annual sales and therefore should have minimal impact on businesses paying the new tax.

"My personal income as owner and CEO of the company was less than .01% of 2008 sales and the company posted a loss," said DeHart. "I am the living poster boy example of why it is so important

to distinguish between profit and sales when calculating taxes."

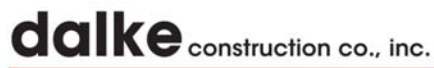
The Salem Chamber's "Create Jobs PAC" will support state business efforts to defeat both taxes and defend family owned small businesses like Brent's.

"This is a fight we need to win for the well being of businesses throughout the state."

To do your part in protecting business in Oregon, make checks payable to:

Create Jobs PAC
Attn: Jason Brandt
1110 Commercial St. NE
Salem, OR 97301

Contributions of up to \$50 per person or \$100 per couple count toward a direct credit for political contributions on 2009 Oregon State Income tax filings. Additional support beyond \$100 is also appreciated and will help a great deal in the fight for business rights and the health of Oregon's economy.



* These companies have not endorsed any of the political views covered in this publication.

ing a partnership return, and doubles filing fees with the state's Corporation Commission from \$50 to \$100.

"Businesses of all shapes and sizes are going to be hurt by these taxes at an incomprehensible time," said Jason Brandt, Director of Public Affairs for the Salem Chamber. "The permanency and timing of the proposed tax increases are major issues for the business community."

In order to give Oregonians the right to vote on the taxes approved by the 2009 Legislature, petitioners had to get 55,179 signatures of valid voters. A total of 98,842 valid signatures were collected for Measure 66 and another 99,471 valid signatures were collected for Measure 67. The Oregon Secretary of State's office verified the signatures, qualifying the two measures for a special election ballot.

by the numbers

198,313 The total number of valid signatures collected to put Measures 66 & 67 on a special ballot in January 2010.

70% The estimated percentage of individuals who will pay increased personal income taxes that own small businesses under Measure 66. Businesses filed as S-Corporations, partnerships, and Limited Liability Companies (LLC's) pay their business taxes through their personal income tax rates.

20% The minimum increase that will be paid by these small business owners owning S-Corporations, partnerships, and LLC's that pay their business taxes through their personal income taxes.

\$4.7 billion The amount state spending has increased in the 2009-2011 biennium - an increase of 9%

70,000 The number of Oregon jobs private sector economists have estimated will be lost if Measures 66 & 67 pass

\$100,000 The maximum tax rate paid by C-Corporations that do not make a profit under Measures 67. The state with the closest Corporate Minimum to \$100,000 is New York with a Corporate Minimum of \$5,000.

\$733 million The amount of money estimated to be raised if Measures 66 & 67 pass. This would be the largest tax increase in Oregon's history.

20% The increased rate C-Corporations will pay on any profits over \$250,000. Language used by the legislative committee who wrote the ballot title for Measure 67 says "Raises tax rate some corporations pay on profits by 1.3 percentage points" (Yes, raising the corporate income tax rate 1.3 percentage points from 6.6% to 7.9% results in a 20% increase in tax)

\$1,000,000,000

Amount of money Oregon has in state reserves without enacting \$733 million in new taxes