

June 8, 2009

Members:

This week, we expect the Oregon Legislature to vote on tax packages that will make permanent changes in Oregon's business and personal income tax structure. As you know, we have been working on your behalf in Salem on these issues, and we have joined with every major business organization in the state to strongly oppose these changes.

Please consider making one more call to the Legislature as soon as possible. See below for a list of lawmakers key to this discussion. Here is the message: *The Legislature should not be making permanent and sweeping changes to Oregon's tax structure at the height of the recession, when companies are struggling to keep Oregonians employed.*

The bills, which together would raise an additional \$765 million from employers and individuals during the 2009-2011 fiscal biennium, passed out of the Joint Ways and Means Committee late Friday. We expect them to come up for a vote in the House as early as Tuesday.

House Bill 3405-A would increase the state's corporate excise tax, which is now set at 6.6 percent, to a marginal rate of 7.9 percent for corporate net income in excess of \$250,000 for the 2009 and 2010 tax years. The rate would be reduced to 7.6 percent for income over \$250,000 for the 2011 and 2012 tax years. And for the 2013 tax year and beyond, the corporate tax rate of 7.6 percent will continue for net taxable Oregon income over \$10 million. *This applies to C-Corporations.*

HB 3405-A also contains a new minimum for C-Corporations based on gross Oregon sales as follows:

Oregon Sales	Tax
Less than \$500,000	\$150
\$500,000 to \$1 million	\$500
\$1 million to \$2 million	\$1,000
\$2 million to \$3 million	\$1,500
\$3 million to \$5 million	\$2,000
\$5 million to \$7 million	\$4,000
\$7 million to \$10 million	\$7,500
\$10 million to \$25 million	\$15,000
\$25 million to \$50 million	\$30,000
\$50 million to \$75 million	\$50,000
\$75 million to \$100 million	\$75,000
More than \$100 million	\$100,000

The bill would create a new minimum tax for S-Corporations of \$150; impose a new annual "entity tax" of \$150 on partnerships, LLPs and LLCs; and increase Secretary of State

Corporation Division annual filing fees from \$50 to \$100 for domestic corporations and to \$275 for foreign corporations.

These business tax increases would raise an additional \$261 million in the next biennium.

Additionally, the Legislature is considering changes in personal income taxes for “high-income” taxpayers.

Under House Bill HB 2649-A, the top personal income tax rate would be increased from 9 percent to 10.8 percent for households with incomes between \$250,000 and \$500,000 for joint filers, and between \$125,000 and \$250,000 for single filers. For joint filers with incomes over \$500,000 (\$250,000 for single filers), the marginal rate would increase to 11.0 percent.

The deduction allowed on Oregon tax returns for federal income taxes would also be phased down for joint filers with incomes between \$250,000 and \$290,000, and for single filers with incomes between \$125,000 and \$145,000. There would no longer be a federal income tax deduction for joint files with income over \$290,000, or single filers with income over \$145,000.

We will continue to work for you in Salem. But it helps when legislators hear directly from affected businesses. Please consider making a call or sending an email.

These measures are scheduled for legislative action this week. Please make a call or send an email as soon as possible to let your opinions be known. Below is a list of key legislators.

Thanks,



Sandra McDonough

Legislator Information

You can call legislators by dialing their main legislative phone number, 503-986-1187 or 1-800-332-2313, asking for the individual legislators. To find out your representatives, go to <http://www.leg.state.or.us/>.

Leadership/Committee chairs:

House Speaker Dave Hunt: rep.davehunt@state.or.us

House Majority Leader Mary Nolan: rep.marynolan@state.or.us

House Minority Leader Bruce Hanna: rep.brucehanna@state.or.us

Senate President Peter Courtney: sen.petercourtney@state.or.us

Senate Minority Leader Ted Ferrioli: sen.tedferrioli@state.or.us

House Revenue Chair Phil Barnhart: rep.philbarnhart@state.or.us

Senate Finance and Revenue Chair Ginny Burdick: sen.ginnyburdick@state.or.us

Key individual legislators:

Rep. Jules Kopel Bailey: rep.juleskopelbailey@state.or.us

Rep. Jeff Barker: rep.jeffbarker@state.or.us

Rep. Greg Matthews: rep.gregmatthews@state.or.us

Rep. Suzanne VanOrman: rep.suzannevanorman@state.or.us

Rep. David Edwards: rep.davidedwards@state.or.us

Rep. Chris Harker: rep.chrisharker@state.or.us

Rep. Scott Bruun: rep.scottbruun@state.or.us

Rep. Bill Kennemer: rep.billkennemer@state.or.us

Sen. Mark Hass: sen.markhass@state.or.us

Sen. Laurie Monnes Anderson: sen.lauriemonnesanderson@state.or.us

Sen. Rick Metsger: sen.rickmetsger@state.or.us

Sen. Richard Devlin: sen.richarddevlin@state.or.us

Sen. Betsy Johnson: sen.betsyjohnson@state.or.us

Sen. Joanne Verger: sen.joanneverger@state.or.us

Sen. Martha Schrader: sen.marthaschrader@state.or.us