

Ballot Measure Statement
2016 General Election

September 08, 2016

Proposed by Initiative Petition

Measure 97

Increases corporate minimum tax when sales exceed \$25 million; funds education, healthcare, senior services

Result of "Yes" Vote: "Yes" vote increases corporate minimum tax when sales exceed \$25 million; removes tax limit; exempts "benefit companies"; increased revenue funds education, healthcare, senior services. **Yes**

Result of "No" Vote: "No" vote retains existing corporate minimum tax rates based on Oregon sales; tax limited to \$100,000; revenue not dedicated to education, healthcare, senior services. **No**

Summary: Current law requires each corporation or affiliated group of corporations filing a federal tax return to pay annual minimum tax; amount of tax is determined by tax bracket corresponding to amount of corporation's Oregon sales; corporations with sales of \$100 million or more pay \$100,000. Measure increases annual minimum tax on corporations with Oregon sales of more than \$25 million; imposes minimum tax of \$30,001 plus 2.5% of amount of sales above \$25 million; eliminates tax cap; benefit companies (business entities that create public benefit) taxed under current law. Applies to tax years beginning on/after January 1, 2017. Revenue from tax increase goes to: public education (early childhood through grade 12); healthcare; services for senior citizens.

Estimate of Financial Impact: The measure is anticipated to increase state revenues by \$548 million from January 1st to June 30th of 2017, and approximately \$3 billion for every year beginning July 1st after that.

The financial impact on state expenditures by program is indeterminate. The increased revenue will require increased expenditures by the state in the areas of public early childhood and kindergarten through grade 12 education, health care, and senior services, but the exact amount and the specific uses within the three identified programs cannot be determined.

Although there is no direct financial effect on local government expenditures or revenues, there is likely to be an indirect and indeterminate effect on the state economy and local government revenues and expenditures.