

# January 2010 Statewide Tax Ballot Measures and Court Funding

Although the legislature cut about \$2 billion from its continuing service budget, it kept core services by passing two major revenue packages. These two packages will be the subject of ballot measures for repeal in January. The new hospital and health insurer tax that funds expansion of the OHP is not being challenged.

## **Measure 66 – “Citizen Tax Referendum - Personal Tax Increase - House Bill 2649 (2009)”**

One bill (HB 2649) increased the state personal income tax that higher-income individuals will pay over the next four years. By increasing the income tax rate 1.8% on individuals earning over \$125,000 and households earning over \$250,000, state services will have an additional \$472 million.

## **Measure 67 – “Citizen Tax Referendum – Corporate Tax Increase – House Bill 3405 (2009)”**

A second bill (HB 3405) increased the corporate minimum tax (now \$10) to a sliding scale between \$150 and \$100,000. It also increased taxes on corporate net income greater than \$10 million. This will generate about \$261 million for the state services.

## **Schedule**

Ballots for the January 26, 2010 election will begin going in the mail January 8, 2010. The deadline for registering to vote in the election is January 5, 2010. Ballot wording and explanations are available at [www.mbar.org](http://www.mbar.org). The current titles and explanatory statements are being challenged in the Oregon Supreme Court.

## **Voting on Oregon Ballot Measures 66 and 67**

A Yes vote on either measure retains the personal and business tax packages passed by the legislature. A No vote on either measure repeals the personal and business tax packages passed by the legislature.

## **Why should the community care?**

The repeal of the tax measures are likely to have a negative effect on the administration of justice, by reducing adequate funding for court operations, indigent defense and other areas of criminal justice.

## **Ballot Wording and Explanations**

A copy of the wording and explanation of each tax ballot measure are available here (LINK: [http://www.mbar.org/docs/Measures\\_66\\_67\\_Wording.pdf](http://www.mbar.org/docs/Measures_66_67_Wording.pdf)) and at (LINK) [www.sos.state.or.us/elections/](http://www.sos.state.or.us/elections/).

## **Non-partisan Explanation of Measures**

[http://ballotpedia.org/wiki/index.php/Oregon\\_Tax\\_Hike\\_Referendum\\_\(2010\)](http://ballotpedia.org/wiki/index.php/Oregon_Tax_Hike_Referendum_(2010))

**Supporting Commentary in *The Oregonian*** - written by a CPA, titled “The tax measures: High time to even the playing field”

[www.oregonlive.com/opinion/index.ssf/2009/10/the\\_tax\\_measures\\_high\\_time\\_to.html](http://www.oregonlive.com/opinion/index.ssf/2009/10/the_tax_measures_high_time_to.html)

**Opposing Commentary** – written by the Homebuilders of Oregon, their position statement in the voters pamphlet

## **Proponents Information**

[www.ouregon.org/](http://www.ouregon.org/)

www.defendoregon.org

### **Opponents Information**

www.stopjobkillingtaxes.com

www.freedomworks.org/state/oregon

### **Effect of Ballot Measures, Economy and New Court Fees on State Courts**

The following information was provided by Phil Lemman, OJD Legislative Communication Manager.

#### ▪ **Tax Measures**

“The budget impact to OJD if the taxes are rejected by voters is not clear, and would not be known until the legislature makes any necessary revisions to the state budget in February 2010. The legislature would need to find replacement revenue and/or make additional budget reductions if either or both of the measures lose. Below is information that will help you assess the potential impact of losing the \$733 million in revenue generated by the two measures.

“The legislature has asked the Judicial Department and other state-funded entities to submit plans on how they would reduce their General Fund budgets by up to 10 % (about \$30 million for OJD). These plans were due to the legislature on November 13.

“The OJD General Fund budget is about 2.25 percent of the overall state General Fund budget. A proportional reduction (2.25% of \$733 million) would mean a \$16.5 million additional reduction to the OJD budget. The following is a rough idea of some of the possibilities involved in additional budget reductions.”

#### ▪ **Economy**

“State Revenue Forecast. The first post-session revenue forecast projected \$139.4 million less in General Fund revenue for the biennium than in the May forecast. The projection still shows a positive ending balance for the biennium (about \$95 million). Various state reserve funds will continue to increase balances over the biennium.”

#### ▪ **New Court Fees – “Judicial Stabilization Fund”**

“HB 2287 Revenue. The legislature approved temporary increases of some existing fees and temporary establishment of new fees and surcharges, and allocated that revenue primarily to OJD and the Office of Public Defense Services. The temporary fees and surcharges were estimated to produce \$39.6 million in revenue through June 30, 2011, primarily through civil fees (\$24.9 million) and a surcharge on crimes and violations (\$9.5 million). The two major risks involved with HB 2287 are whether actual revenue meets the projections, and how the legislature allocates that revenue in the February 2010 supplemental session (the legislature allocated 65% of revenues to OJD, up to \$6.5 million for the first eight months of the biennium).”

#### ▪ **OJD Reduction Plan**

- “If the additional reductions were taken in the same priority as provided in the December 2008 OJD reduction plan (which guided the restorations using HB 2287 revenue), then OJD would:
- Impose a three-percent across-the-board reduction to all courts and divisions. Specific impacts would vary by judicial district, but would result in losing approximately 72 staff statewide (\$8.6 million).

- Eliminate all General Funded treatment court coordinators statewide (25 positions, \$2.95 million).
- Eliminate all General fund mediation programs (6 positions, \$788,000).
- Eliminate General Fund pro se facilitation programs (12 positions, \$1.5 million).
- Further reduce information technology support to courts (18 positions, \$2.5 million).

“The reductions listed above would be in addition to the cuts already made as a result of the Legislatively Adopted Budget. Programs and services that would not be affected under this reduction scenario include the remaining Citizen Review Board program, court referees, and pre-trial release services.”