Gross Receipts Taxes:
Democrat Majority Substitute Sales Tax

Summary:

- Average cost per citizen per year is $250 for every billion dollars in tax increases thus the present proposal would cost $750 to $1000 per year for the average Oregon family. The majority Democrat Senate President is on record as saying these new revenues will be used to grow government where ever needed via budget substitution. It is not a net revenue increase for K-12 education as the budget Co-Chairs are proposing reductions at this time in education service levels, and budgeting for teacher salary increases.

- A gross receipts tax is a consumption tax—similar to a sales tax—whereby a tax is levied on every single business transaction, both wholesale and retail, on both goods and services.

- In 2016, Oregon Democrats and public sector unions proposed Measure 97 at the ballot box, a massive $3 billion per year gross receipts tax, which voters rightfully defeated by an overwhelming 60% to 40% margin.

- Unable to take no for an answer, Salem Democrats proposed a watered down shadow sales tax akin to Measure 97 during the 2017 Legislative Session, which Oregon Republicans in turn successfully defeated.

Talking Points:

- **Oregonians have defeated statewide sales taxes nine times at the ballot box.** A gross receipts tax is nothing more than a shadow sales tax, wrapped up in a different package.

- **The shadow sales tax is an economic killer.** According to the nonpartisan Legislative Revenue Office, gross receipts taxes such as Measure 97 make Oregonians poorer, kill jobs, and even dampen Oregon's population growth.

- **Gross receipts taxes are regressive**—meaning the least able to pay, such as low income Oregonians, would be forced to devote substantially higher percentages of their income towards the tax, than higher income folks.

- **The Gross receipts tax creates winners and losers.** The commercial sectors most negatively affected by a shadow sales tax tend to be low margin, high transaction industries, such as retail sales, manufacturing, and agriculture. Meanwhile, big, multinational corporations could actually see a tax cut.

- **Gross receipts taxes have a "pyramiding" problem**—meaning the cost of the tax stacks up along every point of sale throughout a goods' productive cycle, making everything Oregonians buy, including groceries, gas, and medicine, more expensive—which hurts the people who can least afford to pay the most.

- **Gross receipts taxes are unduly complicated**, including sales exemptions, differing rates depending on industry, and a host of other complicated tax loopholes. As one could expect, shadow sales taxes facilitate the growth and expansion of state government, increase compliance costs for businesses, and expand opportunities for cronyism and government favoritism.

- **Businesses disproportionately affected by the shadow sales tax will pick up and move to more competitive states**, taking good paying jobs and valuable tax revenue along with them.

- **Salem Democrats need to first get their fiscal house in order before raising taxes.** Before Oregon can have a productive conversation about raising revenue, Salem Democrats need to demonstrate to taxpayers that the Legislature can exercise some fiscal restraint by bending the cost curve on PERS and other out of control state programs.

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