



OFFICE OF THE SECRETARY OF STATE

NEWS RELEASE

BILL BRADBURY

For Immediate Release:
March 22, 2005

Contact: Carla Corbin
Elections Division
(503) 986-1518

The Office of the Secretary of State received a certified ballot title from the Attorney General on March 21, 2005, for initiative petition #29, proposing a statutory amendment, for the General Election of November 7, 2006.

In addition, Secretary of State Bill Bradbury determined that the proposed initiative petition was in compliance with the procedural requirements established in the Oregon Constitution for initiative petitions.

The certified ballot title is as follows:

CREATES AN UNLIMITED DEDUCTION FOR FEDERAL INCOME TAXES ON INDIVIDUAL TAXPAYERS' OREGON INCOME-TAX RETURNS

RESULT OF "YES" VOTE: "Yes" vote creates an unlimited deduction for federal income taxes on Oregon income-tax returns filed by individual taxpayers; reduces revenue available for state expenditures.

RESULT OF "NO" VOTE: "No" vote retains current law allowing limited deduction for federal income taxes on individual taxpayers' Oregon income-tax returns (limit is \$5000 in 2006).

SUMMARY: Currently, Oregon income-taxpayers may deduct a limited amount of federal income taxes when calculating their Oregon taxable income (limit is generally \$5000 in 2006 and \$5500 in 2007; thereafter, limit adjusted yearly for cost-of-living). This measure creates an unlimited deduction for federal income taxes on individual taxpayers' Oregon returns beginning in 2008; the deduction applies only to federal income taxes paid on income taxed in Oregon. Measure prohibits state, local governments and other taxing districts from collecting income tax of any kind on money that Oregon taxpayers pay to the federal government as federal income tax. Measure does not apply to corporate excise/income taxes. The measure reduces revenue available for state expenditures and provides no replacement funding. Other provisions.

Chief Petitioner(s): Bill Sizemore, PO Box 343, Beavercreek, OR 97004.

Copies of the text of this initiative are available at Room 141 State Capitol, for \$.25. Written requests for copies with your remittance of \$1.00 prepaid, should be addressed to: Elections Division, Room 141 State Capitol, Salem, OR 97310-0722.

There now follows an appeal period of 10 business days. Any elector dissatisfied with the ballot title certified by the Attorney General, who also submitted in a timely manner written comments which addressed the specific legal standards a ballot title must meet, may petition the Supreme Court for a different title. The appeal period ends at 5:00 p.m. on April 4, 2005. The appeal procedures are outlined in ORS 250.085.

The required number of signatures for placement on the 2006 general election ballot is 75,630. These signatures must be filed in this office not later than July 7, 2006.

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DEPARTMENT OF JUSTICE
APPELLATE DIVISION

March 21, 2005

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SECRETARY OF THE STATE

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RECEIVED

John Lindback
Director, Elections Division
Office of the Secretary of State
141 State Capitol
Salem, OR 97310

Re: Proposed Initiative Petition — Creates An Unlimited Deduction For Federal
Income Taxes On Individual Taxpayers' Oregon Income-Tax Returns
DOJ File #BT-29-05; Elections Division #29

Dear Mr. Lindback:

We have reviewed the two comments submitted on the draft ballot title for the above-referenced proposed measure. This letter summarizes the comments we received, our responses to those comments, and the reasons we changed the ballot title in response to the comments and our further review of the proposed measure. This letter should be included in the record if the Oregon Supreme Court is asked to review this ballot title.

Commenter Bill Sizemore

The ballot title describes a major effect of this measure, which would be to reduce revenues available for state expenditures. Commenter Sizemore objects to inclusion of that language. The Oregon Supreme Court has, however, approved similar language in other cases, and we decline to remove the language from this ballot title.

Commenter Sizemore also objects to the term "unlimited deduction," asserting that it incorrectly implies that creation of such a deduction would result in "no one * * * ever pay[ing] Oregon income taxes again." That comment overlooks the context in which the term "unlimited deduction" is used in the caption, "yes" result statement and summary, which makes it clear that the measure creates an unlimited deduction only "for federal income taxes." The certified ballot title retains the phrase "unlimited deduction."

Commenters Kris Kain and Chip Terhune

These commenters assert that the ballot title should say that the measure would reduce funds available for "services" instead of reducing funds available for

“expenditures.” We decline to change the wording as the commenters request. The sentence “The measure reduces revenue available for state expenditures and provides no replacement funding” in the certified ballot title accurately and neutrally explains the proposed measure’s fiscal effect.

These commenters also assert that the draft ballot title does not adequately explain that the proposed measure would prohibit local governments from assessing income tax on money paid as federal income tax. Although we do not believe that the draft ballot title fails to comply with the requirements of ORS Chapter 250, we agree that this aspect of the proposed measure could be described more clearly. Accordingly, we have substituted an explanation of that aspect of the proposed measure for the sentence of the proposed measure’s text that we quoted verbatim in the draft ballot title.

Sincerely,

Erika L. Hadlock
Assistant Solicitor General

ELH:elh/APP77896

Enclosure

c: Peter Shepherd, Deputy Attorney General
Don Arnold, General Counsel Division
Steve Wolf, General Counsel Division

Bill Sizemore
P.O. Box 343
Beavercreek, Oregon 97004

Margaret S. Olney
Smith, Diamond & Olney
1500 NE Irving Street, Suite 370
Portland, Oregon 97232

BALLOT TITLE

CREATES AN UNLIMITED DEDUCTION FOR FEDERAL INCOME TAXES ON INDIVIDUAL TAXPAYERS' OREGON INCOME-TAX RETURNS

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