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## **GREENBERG QUINLAN ROSNER RESEARCH**

**TO:** Interested Parties  
**FROM:** Lisa Grove and Mike Bocian  
**RE:** Big Tax Wins in Oregon: Rules of the Road  
**DATE:** January 26, 2010

### **The Back Story**

On Tuesday night, the state of Oregon voted to protect important government services, beating back anti-tax advocates by raising income taxes on wealthy individuals and corporations for the first time since the 1930s.

Oregon has a long anti-tax history: capping property taxes, locking a surplus tax rebate program into the state Constitution, rejecting a sales tax nine times and rejecting proposed income tax increases twice in recent years. Oregon is also a testing ground for Freedomworks—so much so that it has its own state affiliate and a very active TEA party movement. Voters here have had to contend with TABOR, payroll deduction and federal deductibility measures spanning over the last decade and as recently as 2008.

But the Vote Yes for Oregon campaign made history with a resounding victory on two measures, showing strength of support across the state that defied the expectations of pundits and the media. Measure 66, which raises income taxes on families earning \$250,000 or more per year, passed by 54 – 46 percent. And voters also approved Measure 67, which raises corporate income taxes, by 53 – 47 percent.

**In the end, we won by convincing voters that asking corporations and the rich to pay a little more in order to fund the services we need in a recession, like schools, health care, and public safety was the right thing to do.**

In a political environment where the pundits say voters are rejecting “big government,” why did tax-sensitive Oregonians sound a different tune? We believe there are several key elements to this win that have implications that go well beyond the Beaver state.

### Get the package right.

We have seen little appetite for broad-based (read: middle class) tax increases right now. Thus, it is absolutely critical to find the “sweet spot”—taxes on those who deserve to pay more for one reason or another. In Oregon, our mantra was not tax the rich because they can afford it pay it, it was tax the rich (who were clearly defined in the text of our measure) because they aren’t paying their fair share.

**Get the right set of proposals that pass muster with the electorate.**

We also found that “less is more” when it comes to the description of the proposals or the list of specific taxes. Line-by-line details of the legislation did not grow support.

The actual text of the initiatives also stated in broad categories (education, health care, public safety) where the money would be spent, which helped deliver the services message and allay concerns about waste.

Related polling found a greater appetite for “raising” rather than “increasing” taxes. Not surprisingly, when we talk in terms raising taxes on corporate “profits” were also on more solid ground.

### When we provided specifics and the context, we found robust support for government services.

In April, we conducted a poll that showed Oregonians favored cutting services in the abstract over raising taxes by a 52 – 40 percent margin. Yet when the services were delineated (education, public safety and health care), voters felt it was more important to protect these areas from cuts than to prevent tax cuts by a 61 – 36 percent margin. We made the case that a recession is the very worst time to cut needed government services in a message that was steeped in values.

The Vote Yes for Oregon campaign (in favor of Measures 66 and 67) fully embraced the services message, reminding voters that education is essential to our children’s economic future, that we all rely on police and firefighters for our safety, and that our seniors need health care services and safe nursing homes.

#### Supporters say:

- **These measures are what we need to do during these difficult economic times.**
- **They protect Oregonians who have been hardest hit by this crisis – seniors, children and the unemployed – and prevent them from being hurt again by drastic cuts to essential services like health care, education and public safety.**
- **In fact, these taxes are targeted to only those who can afford to pay more – the richest two point five percent of Oregonians.**
- **If your family earns less than \$250,000 a year, you won’t pay a single penny more.**

**Supporters Say:**

**Strong schools are critical to our children's future and key to Oregon's economic recovery. It's irresponsible and short-sighted to keep cutting education funding, because for Oregon to thrive we need to offer businesses a well-trained workforce, and provide our kids the tools to win the good paying jobs of tomorrow. That's why the parents of the Oregon PTA support these measures**

This isn't just political messaging; it's also reality. Oregon (like most states) spends about 90 percent of its budget on education, public safety and health care. When you remind voters of the services they value -- especially in a recession -- they cast their ballots to protect them.

**This was fundamentally an issue of fairness that tapped into voter contempt for regressive taxation that aids the privileged few at the expense of the middle class.**

The Vote Yes for Oregon campaign delivered a clear message that the middle class has shouldered the burden for too long and that it's time for big corporations and the richest Oregonians to pay their fair share. We were very clear who the hikes were aimed at – our ads said, “If your family makes less than \$250,000, you won't pay a penny more.”

Again, this message had the benefit of appealing to the vast majority of voters, while also being true. In Oregon, the income tax rate is exactly the same whether you make \$20 thousand or \$20 million. And while costs for middle class Oregonians seem to continually rise, two-thirds of Oregon corporations pay the minimum \$10 (not a misprint) in corporate income taxes, an amount that hasn't changed since 1931.

Our opening salvo talked about what basics cost in the 1930s compared to what the average middle class family was burdened with now, making the case that taxes have gone up for families but not for corporations.

**Supporters Say:**

- **For too long, corporate lobbyists have succeeded in getting their clients off the hook for paying their fair share in taxes.**
- **In fact, most corporations pay only Oregon's \$10 corporate minimum, while schools, healthcare and other services we rely on suffer.**
- **It's not fair to force middle class families to shoulder more of the burden, while out-of-state corporations doing business in Oregon pay just \$10.**
- **Voting yes is the change we need to help protect middle class families and hold corporations accountable.**

**Supporters Say:**

**Wall Street banks and credit card companies have taken billions in federal bailout dollars, yet thanks to the \$10 minimum, one customer pays more in overdraft fees and outrageous credit card finance charges than these corporations pay in Oregon taxes**

In the midst of an extended economic downturn, voters are understandably frustrated. The Vote Yes for Oregon campaign quickly recognized the voter frustration needed an outlet and channeled it to a deserving recipient: corporations who haven't paid their fair share. For example, our advertising called out Wall Street banks that pay less in taxes than they charge in individual overdraft fees.

This campaign was a taxpayer revolt in the true sense—thousands of volunteers covered over 30,000 volunteer shifts in the month of January alone to declare their anger at the imbalance in the tax system, to protest the fact that corporations and rich weren't paying their fair share. And it showed on election night.

**Words and Phrases That Drove Support for Raising Taxes on the Rich and Corporations to Fund Services in Oregon**

The right thing to do.

The recession has hit Americans hard. How we respond to it is a test of who we are as a people.

Big corporations and rich CEOs will try and make this issue complicated, but the issue is really quite simple: Corporations and the rich need to pay their fair share.

For too long, rich CEOs, high paid lobbyists, corporate lawyers and accountants have gotten away with shifting the burden onto the middle class while they pay less.

These proposals do what's right in difficult economic times—protect families who have been victims of the economy and help put our state on a path to recovery.

These proposals preserve our communities by maintaining basic funding for essential services like schools, health care, and public safety, and protect the middle class as they struggle to make ends meet.

Strong schools are critical to our children's future and key to Oregon's economic recovery. It's irresponsible and short-sighted to keep cutting education funding. For our economy to thrive, we need to offer businesses a well-trained workforce, and provide our kids the tools to win the good paying jobs of tomorrow.

We need to protect nursing home safety, elder abuse enforcement, lifesaving prescription drugs, and home care that helps low-income seniors remain independent.

**Voters didn't buy the No campaign's argument that the taxes would kill jobs nor its contention that government money was wasted on public employees.**

Opponents of Measures 66 and 67 tried to leverage the country's economic woes to scare the voters into believing that raising taxes on the rich and big corporations would kill jobs. They went so far as to call their campaign "Oregonians Against Job-Killing Taxes."

The voters weren't convinced. Oregonians also saw through an advertisement that used a clip of President Obama saying that a recession is the wrong time to raise taxes and another one that claimed public employees got a raise in the 2009 budget cycle when, in fact, their salaries were cut. These arguments fell flat because that did not ring as true to them as the pervasive sense that loopholes have allowed the powerful and privileged to push more of the tax burden onto the middle class.

The measure's opponents also attempted to make the salaries and benefits of the public sector an issue and the power wielded at our capitol by "public employee unions". We tested these messages exhaustively and found that they had no traction with voters, especially during a period of furloughs in our state.

**A cold and rainy January election demonstrated that the grassroots is ready to be energized.**

Finally, the Vote Yes for Oregon campaign realized that turning out its base of younger, more progressive voters required sophisticated targeting, an army of volunteers and tenacity. The Multnomah County (Portland) results were especially striking—the campaign knocked on more than 300,000 doors in the metro area and secured more than 70 percent of the vote, outperforming its internal goal by nearly 10 percentage points. For those who thought the election of a president amounted to the end of the fight, we should remember the words President Obama spoke at Grant Park on election night: "This victory alone is not the change we seek – it is only the chance for us to make that change."

Our polling showed that the Yes campaign not only turned out its base, but also won a majority of voters who decline to state a party preference. And the Yes campaign won more Republican votes than the No campaign won Democratic votes because many Republicans value their schools, their police and other services government provides even if they adhere to the mantra of "limited government." In fact, the Yes campaign succeeded in garnering more votes than the typical Democratic candidate in 31 of Oregon's 36 counties. As Campaign Director Kevin Looper is fond of saying, "It turns out there's a Republican middle class, as well."