

Hatfield Gross Income Tax Adopted

Wednesday Vote In House Probable For Tax Program

By PAUL W. HARVEY JR.

SALEM (AP)—The Democratic-controlled House Taxation Committee Monday adopted Republican Gov. Mark Hatfield's proposal to increase income tax revenues by \$10 million dollars in the next biennium.

The plan calls for a one per cent tax on gross income in order to collect from low income earners who now pay no tax. Then the income, minus exemptions and deductions, would be subject to additional taxes of one to seven per cent. The present rate schedule is 3 to 9 1/2 per cent.

Under the present system, the income tax would produce 154 millions in the next biennium. The new bill would boost that to almost 164 millions, and thus sustain the 312-million-dollar general fund budget that now is being considered.

The committee's action came at the end of a busy day which saw the House narrowly defeat the bill to create a state power commission that would go into the wholesale power business. There were 29 votes for the bill, or two less than the required number to pass it.

Twenty-eight Democrats and one Republican supported it. Twenty-four Republicans and four Democrats voted against it.

The tax program probably will come before the House Wednesday. It also includes a three cent cigarette tax, repeal of the tax on inventories, a 1 1/2 per cent tax on business net income, and a reduced capital gains tax.

In addition to the one per cent tax on gross income, these rates would apply to income, minus exemptions and deductions: less than \$2,000 annual income, 1 per cent; \$2,000-\$4,000, 2 per cent; \$4,000-\$6,000, 3 per cent; \$6,000-\$8,000, 4 per cent; \$8,000-\$10,000, 5 per cent; \$10,000-\$30,000, 6 per cent; and over \$30,000, 7 per cent.

Earlier, the committee had voted to eliminate the federal income tax deduction and most other deductions. The measure would be subject to the most intensive lobbying on both sides.

Sponsors argued the bill is needed to assure Oregon its share of federal power and to provide cheap power for industries. Opponents claim the bill would drive private power companies out of business, and that they are providing plenty of low-cost power for industry.

The House sent to the Senate a bill to prohibit places selling any goods or services from discriminating against any customer because of his race or religion.

Another bill sent to the Senate by the House would remove the provision whereby applicants for state employment must say whether they ever have believed in overthrow of the government. The bill would merely require that the applicants must swear to uphold the federal and state constitutions.

The House completed legislative action on a bill to increase legislators' annual pay from \$600 to \$2,100. This is in spite of the \$600 provision in the Constitution, but legislators hope that the state Supreme Court will rule that the constitutional figure is only a minimum.

Taxation Body Offers Package

SALEM (AP)—The income tax bill approved by the House Taxation Committee is only one of several parts of a complicated tax package that the committee says would finance state activities in the two years beginning next July 1.

The Legislature probably will not approve all of it. But here is the package:

Increase income tax revenues by applying a 1 per cent levy on total income, plus a rate schedule of 1 to 7 per cent on net income after exemptions and deductions.

Retain the \$600 personal exemption. Permit medical deductions over 5 per cent of income. Allow religious, charitable and educational contributions to be deducted when a person gives between 3 and 20 per cent of his income.

Eliminate virtually all other deductions, including the one for federal income taxes.

Levy a tax of 3 cents a package on cigarettes, and 15 per cent on other tobacco.

Reduce the tax on capital gains. Repeal the personal property tax on inventories.

Levy 1 1/2 per cent tax on net income of business.

Eliminate installment payments of income taxes.

Increase income taxes of utilities about a million dollars yearly. Increase liquor prices about 15 cents a fifth.

Increase inheritance and gift taxes.

Use up all surplus funds now on hand.

Reduce the tax on capital gains. Repeal the personal property tax on inventories.

Ways, Means Group Okays Boost In College Expenses

SALEM (AP)—The Joint Ways and Means Committee today approved a boost in the appropriation for the state's tax-supported colleges of more than 17 per cent for the next biennium.

The committee voted 11-3 to send to the House floor an appropriation of \$55,168,787 for the state system of higher education.

The budget includes an 11 per cent hike in academic salaries over the biennium which had been approved earlier by the committee.

The 1957 Legislature increased the appropriation by nearly 40 per cent over the 1955-57 figure. The appropriation in 1955-57 was \$33 1/2 million dollars and in 1957-59 it was more than 46 million.

The committee trimmed \$175,000 from the Holmes budget in agricultural extension and \$52,500 from travel.

It added the \$700,000 for salaries over the Holmes recommendations, \$205,000 for research and \$49,500 for additional library books.

These additions would not be offset by tax money, however, but the committee recommended that the Board of Higher Education increase and six fees by 10 per cent for residents and \$20 for non-residents.

This would raise more than \$1,300,000.

It appears the total higher education budget, including fees and other grants, will amount to more than 75 million dollars. This compares with 67 millions during this biennium and 47 millions during 1955-57.

SALEM (AP)—The income tax bill proposed by the House Taxation Committee for various brackets:

Single Person		
Total	\$7	\$14
\$1,000	\$4	\$14
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Married With 2 Children		
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Table Shows Effect Of Income Tax Bill

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