

Tax limit may be in trouble

# Don't worry, it may not even happen

By KEVIN HARDEN  
Of the Emerald

Despite all the worry and the panic, Oregon's tax limitation proposal just may turn out to be a legal lead balloon. It might fly, then again, it might not.

The past two weeks have been busy for tax revolt supporters who filed 200,000 signatures on the tax limitation petition with the secretary of state's office June 30, rallied on the Capitol steps in Salem and then made an about-face on the issue and said they might accept a state legislative compromise on the tax issue.

At the center of the 180 degree turn is the originator of Oregon's

tax revolt, Jim Whittenburg. It was Whittenburg who brought a Xeroxed copy of the controversial Proposition 13 from California and began the successful initiative petition drive that made it clear that state taxpayers were angry and weren't going to take any more abuse.

But Whittenburg, a Portland lobbyist, made it plain last week that if the supporters of the state's tax limitation petition wanted to use it to attack specific politicians or programs they didn't like, he would campaign vigorously against the measure during the November general election.

In an effort to allow the state legislature a chance to come up with a compromise measure of its own, Whittenburg is stalling a fi-



Emerald graphic

nancial report that must be filed with the secretary of state's office before the measure can be placed on the Nov. 7 ballot. That report isn't due until Aug. 4, which gives state solons plenty of time to decide on a workable alternative to the tax revolt, he says.

Whittenburg, speaking at a Eugene news conference last Monday, said that although his petition is considered "a legislative nightmare," it is better than anything offered to the taxpayer so far.

But, as Whittenburg plays a legal Cheshire cat, Secretary of State Norma Paulus may be planning to put the measure on the November ballot without Whittenburg's financial report.

If Whittenburg, the only one

who can file a financial report as the originator of the petition, decides not to file the report, Paulus will ask the state attorney general to file criminal charges against him.

By stalling his report, Whittenburg says he is giving the legislators a chance to do something — anything — about the impending tax crisis. If they want a special session to work out the problem, Whittenburg says he can wait.

But that wait may be longer than Whittenburg thinks. Senate President Jason Boe (D-Reedsport) says that the Legislature should stay out of the emotional fight over the proposal and stick to the facts.

A special session of the Legislature is not likely in the face of the upcoming campaign, Boe says.

## Legislature to stay out

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"This limitation proposal is just a mine field of legal problems," Frohnmayer says. "The state Attorney General has been given a list of no less than 50 problems that will need to be addressed if the limitation becomes law."

Although there has been talk of calling a special session of the Legislature, Frohnmayer agrees with Boe about staying out of the fight.

"I have a lot of disquiet about the measure, but we've got to keep ourselves from getting into a political fight over this."

The tax limitation, a carbon copy of Proposition 13, would amend the Oregon constitution to limit state property taxes to one and one-half percent above the 1975 assessed value. That could mean nearly \$400 million lost from the state budget in tax revenue.

The limit has been praised by its supporters as liberation of the middle income taxpayer who has been hit with double digit inflation over the past few years. But it could cause more damage than it's worth, say the limitation's opponents.

Oregon's small cities could be hit with a large cut in civic services if the limitation goes into effect, says Noel Klien of the League of Oregon Cities. Because the average city in Oregon draws about 30 percent of its operating budget

from local property taxes, small cities around the state would be hurt far more than large cities, he says.

Closer to home, Frohnmayer warns the University itself could suffer from lost revenue if the limitation becomes law.

If the state loses a lot of money because of the limitation, it could mean large budget cuts for the State System of Higher Education budget.

"My own concerns are very grave," Frohnmayer says. "I don't

think there's any question that some people would like to take a meat axe to the higher education budget."

All the doomsayers may be full of hot air, however, says Ed Sparks, of Roseburg, one of four leaders behind the successful initiative petition drive. He says the state revenue surplus is probably large enough to handle any real budget problems that may arise.

"I have a lot of confidence in the Legislature and our governor," Sparks says. "So if Jerry Brown's people can do it so can our people."

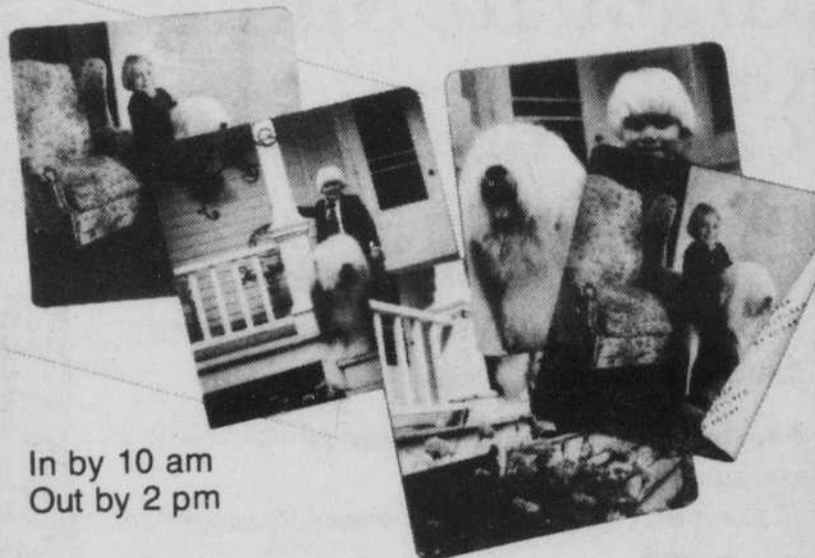
Although Sparks says the Oregon revenue surplus is comparable to California's \$6 billion surplus, Boe disagrees. Oregon's surplus right now is estimated at around \$65 million, which may not be there next fiscal year, he says.

"There may be no surplus at all."

But, if there is a surplus, Boe says, it won't do the Legislature any good to talk about how much money it will lose if the limitation goes into effects.

"That's where we think the California Legislature made their mistake," he says. "All the time they were crying doomsday and they were sitting on \$6 billion. That just doesn't work and the people weren't fooled."

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