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Senate seeks sales tax alternative

Fadeley's committee wants sales tax 'unconstitutional'

By Brooks Dareff
Of the Emerald

Having done its best on Monday to dispatch the five pages of sales tax legislation to the dust bin of history, the Select Committee on Constitutional Revision of Finance will focus its energy on sending to the Senate floor an alternative plan to generate property tax relief, one that will probably hinge on increasing income tax revenue.

On Monday the select committee endorsed the proposal

of committee-creator and Senate Pres. Ed Fadeley, D-Eugene, to declare unconstitutional the imposition of a sales tax as a means of generating state revenue.

The proposal does not rule out the fourth part of an alternative plan discussed by the select committee over the weekend, which officially provides counties and municipalities with the power to levy any tax, including a sales tax.

A Senate vote on the select committee proposal has not yet been scheduled, said Mary Beth Allen, an aide to Fadeley.

On June 18 the House passed a sales tax package by just one eleventh-hour vote, when House Minority Leader Larry Campbell, R-Eugene, switched his vote just before House Speaker Grattan Kerans, D-Eugene, was about to let the gavel fall. The 4 percent sales tax package is estimated to relieve property taxes by about 45 percent.

The select committee's proposal could be the beginning of the end of the game of hot potato the legislature has played with the sales tax, but play could continue with the general question of property tax relief.

Fadeley hopes to have all work on unfinished bills completed by the end of next week, says Allen, except for the question of property tax relief and the overall balancing of the state budget.

If the Senate passes the select committee's proposal to declare a sales tax unconstitutional, any alternative property tax relief package prepared by the committee would be sent to the Senate floor. If it passed, it would go to the House where sales tax support would undoubtedly be enough to defeat it, says co-author of the sales tax legislation, Rep. Tony Van Vliet, R-Corvallis.

At that point joint conference committees would attempt to draw up some alternative to the tax relief package, which would then have to be approved by both the House and the Senate, says Allen.

To complicate the situation further, Gov. Vic Atiyeh has said he'll call the legislature back into session if they don't come up with what he considers to be a responsible property tax relief package.

Atiyeh may not accept a public referendum which would "put a gun to the people's heads," and pass the hot



Emerald photo

Senate Pres. Ed Fadeley's select committee is out to ban a statewide sales tax

potato of property tax relief to the general public, says Allen.

Atiyeh's plan calls for an expansion of the Homeowners and Renters Refund Program, which he has dubbed Super-HAARP.

Agreement on an alternative property tax relief plan will be extremely difficult to attain, because both businessmen and the powerful Oregon Education Association support a sales tax, says Allen. The OEA wants to head off a no-holds-barred, proposition-13-type, anti-property tax movement that they fear could result from a watered down or non-existent property tax relief plan, says Allen.

The key to Fadeley's property tax relief plan is an income tax increase of 0.5 percent on adjusted gross income that

would generate about \$277 million, says Allen.

Fadeley's plan would eliminate tax loopholes and tax shelters and drop the current income tax exemption figure from \$7,200 to \$5,500 — raising another \$326 million.

Add this to the \$175 million already allocated for HAARP and the total amount of property tax relief, totalling \$778 million over the biennium, is about 50 percent of what the sales tax plan would generate in relief.

Allen says the figures can be deceiving. Fadeley doesn't think adding an additional tax — the sales tax — really ends up lowering taxes for the majority, says Allen. This is especially true because a sales tax hits middle and lower-income people the hardest.

OSPIRG

Continued from Page 3

of other ASUO organizations.

In that vote, students overwhelmingly decided that OSPIRG be supported by a per student fee taken each term from student incidental fees. Most ASUO groups submit budgets to the Incidental Fee Committee for approval.

To determine the budget, Gredler said OSPIRG used last year's enrollment figures, with an anticipated 3 percent decline. Using the rate of \$1 dollar per student per term, OSPIRG's budget for next year is \$39,061.



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