

Oregon sales tax would ease school funding but may hurt homes with moderate incomes

By **Tonnie Dakin**
Of the Emerald

Like its neighboring states of California, Washington and Idaho, Oregon soon may have a state sales tax if Ballot Measure 7 is passed in the Nov. 4 election.

The 5 percent sales tax "is on sales or purchases of tangible personal property and not services," according to the Oregon voters pamphlet. This means that the tax "exempts most necessities of life and all services," such as food, prescription drugs, water, fuel, electricity, rent and mortgage payments.

If passed the measure would shift the bulk of the tax revenue needed for Oregon's public schools from property taxes to retail sales taxes.

Seventy percent of the money from the sales tax would be used on Oregon's public school system to replace money currently paid by property taxes.

The remaining 30 percent of the proceeds from the sales tax would be spent to reduce property tax rates for individual homeowners and renters.

Proponents of the bill say that it would help the public school system in Oregon by stabilizing its funding.

"Essentially, we have a problem in Oregon...the way we fund our schools in the state," said Raymond Gross, president of the Eugene Education Association.

"We depend on property taxes for almost 70 percent of our funding, and they (taxes) have risen to the point that people are rebelling against paying them," Gross said.

People are now voting against property tax measures, which results in closures of schools, he said. Ballot Measure 7 would

reduce the schools' dependency on property taxes, Gross said.

One problem with the bill is that it does not stipulate any form of distribution, said Gilbert Campbell, co-chairman of the No Sales Tax Committee. The school districts will have to devote time and resources to dividing up the money, he said.

Gross agreed that there is no set form of distribution.

"That's not absolutely certain...probably it would be distributed the way the basic support money is now...per the number of students," Gross said.

A similar legislative measure, which was put on the ballot for the September 1985 election, did not pass.

There is a difference between the two measures, Gross said. Oregonians were concerned about the other measure for several reasons, he said, including the fact that they did not want the amount of the tax to rise in the future.

"This is a constitutional amendment," he said. "That means that the 5 percent will be the figure. The only way it could change is by a vote of the people."

Another concern about the previous bill was how the funds would be distributed, Gross said. This bill clearly states that 70 percent of the sales tax revenue will go to schools, and the remaining 30 percent will be used to help reduce property tax rates, he said.

"I believe we have answered what the people in the state have said they want," Gross said.

Opponents of the measure argue that it would be detrimental to small business in Oregon, Campbell said, because they don't have the high-volume

revenue to absorb the cost of distribution and collection of the tax.

"It will make a substantial dent into their income," he said.

The tax also would make it harder to start a small business in the state, he said, because the tax would increase the cost of building materials.

In addition, businesses along the state's border would be hurt, Campbell said. All other states that border Oregon have a sales tax. If Oregon was also to implement a tax, "the businesses along our borders would lose that competitive edge," he said.

The bill is unfair and regressive because by shifting the tax from property to retail sales, the tax burden falls on low- and middle-income families rather than corporations, Campbell said.

"It tends to tax low-income and middle-income individuals...and especially families," he said. "Corporations tend to get a break."

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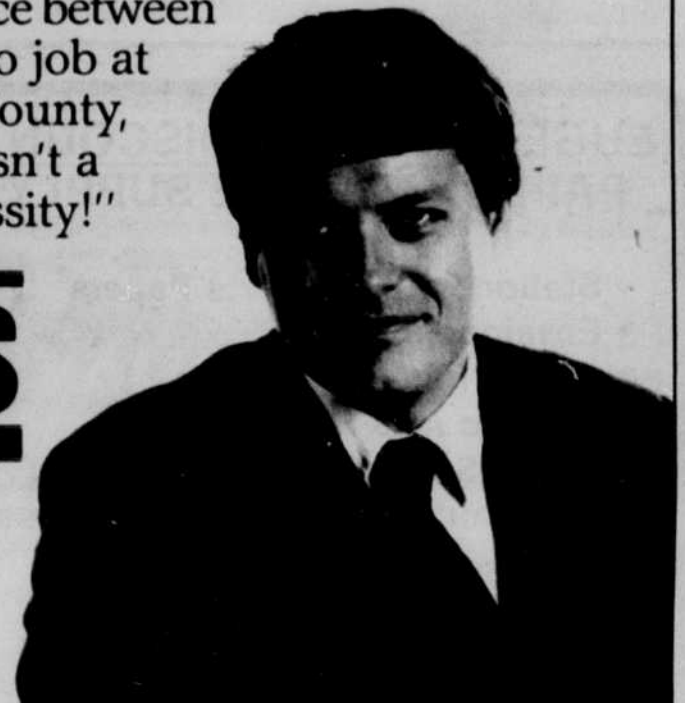
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Correction

An Oct. 22 Oregon Daily Emerald article on ballot measures 18 and 51, which call for a nuclear-free county and city, incorrectly stated that Measure 51 would ban all military defense systems and would prohibit transportation of nuclear wastes through Eugene.

The measure only bans those systems that could be used to wage nuclear war and only prohibits the transportation of nuclear waste generated by nuclear weapons or nuclear power production. It allows all basic nuclear research.

Measure 51 would create a seven-person board that would not have the power to prescribe fines, contrary to information provided by the city of Eugene.

Eva Edelman, spokesperson for Political Action for Lasting Security, which circulated petitions on behalf of measure 51, said it is the Nuremberg Principles that call for non-compliance with a government that is violating basic principles of humanity. The statement was not based on Edelman's opinion.

Transportation accidents involving radioactive wastes, not radioactive accidents in general, occurred about every 15 days between 1973 and 1978.

The Emerald regrets any confusion these errors may have caused.

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