

## COMMENTARY

# Split-roll tax is best bet for Oregon

By Jason W. Moore

**H**ow can students work to ensure quality, affordable education?

The Oregon budget crisis affects everyone without enough money to get by these days. Students are hit especially hard, as skyrocketing tuition threatens to deny us a college education.

The most promising response, spearheaded by Oregon Fair Share, to the post-Measure 5 crisis is the Fair Homeowners and Renter's Relief initiative on the November 1992 ballot. The measure would merely require businesses to pay their fair share, while keeping the good and fair part of Measure 5 — that part not yet realized — tax relief for Oregon homeowners.

The measure would split the property tax rolls between commercial and residential property, on the basis that income-producing property should be taxed at a higher rate than the homes in which people live. Income-producing property would be taxed at no more than \$30-per-\$1,000 of assessed value, less than what businesses were paying in Lane and Multnomah counties before Measure 5 passed.

Homeowners would be able to see genuine tax relief, and renters would receive tax rebates equal to one month's rent.

While big business and their allies in the Republican Party-Oregon Citizens Alliance axis will undoubtedly fall back on anti-tax demagoguery to attack Fair Share's initiative, any business exodus stemming from the restoration of 1990 tax levels is highly improbable. In fact, numerous studies indicate that taxation is only a minor factor in determining whether business remains located in a state.

Despite the possibility of an equitable solution to a substantial part of the Measure 5 disaster — Fair Share's initiative would provide about two-thirds, or \$900 million, of the budget shortfall — there are some who continue to press for a sales tax. Such a tax is not

only fundamentally unfair, but economically shortsighted. At a time when consumer confidence is hitting rock bottom and the recession is destroying purchasing power through unemployment and falling real wages, business interests seek to take even more money out of the hands of those who need it most.

The giant fraud behind Measure 5 is that it amounts to little more than multi-billion dollar tax break for Oregon's commercial landowners — utilities, railroads, timber companies and bankers. Sixty percent of the tax break went to business. The homeowners who were supposed to benefit saw little relief and many saw an increase.

"Generally, you're going to see a shift in taxes away from utilities, away from large industrial companies, and onto residential property," Jim Wilcox of the State Department of Revenue said last fall. In 1991-92, state tax analysts estimate homeowners will foot 42 percent of the total tax bill, while commercial property owners will pay 13 percent, industrial property owners 10 percent and utilities only 7 percent.

The situation in Multnomah County vividly illustrates this point. While commercial property tax assessments rose just barely above the rate of inflation, homeowners were struck by 20-percent increases.

Measure 5 has only worsened the state's already regressive tax structure. In concrete terms, this means those least able to pay will be forced to pay even more. Already, we've seen social services slashed and universities decimated, with more to come if nothing is done. We now hear talk of cutting basic school support by 28 percent and eliminating 6,000 students from the state's public universities.

Any sane strategy for Oregon's future requires a tax structure capable of caring for its people. Such a strategy must not only provide the full range of human services, but seek to economically and politically

empower citizens.

The tax debate throughout the 1980s has been dominated by the right-wing, who argue that the issue is "Big" versus "Small" government, when in fact the issue concerns the power of centralized government. What's more, if business interests get the sales tax they're itching for, Oregonians will be victimized by the most bureaucratic, inefficient and centralized tax ever created.

Meanwhile, our public schools, community colleges and universities, absolutely vital to Oregon's economic and social future, will be stripped down and shut down. Programs for needy children, poor families, the homeless, lower-income elderly and the disabled will remain dimly underfunded. Poverty and all the social problems with which it is associated — crime; drug abuse; hate crimes against women, lesbians and gays, and people of color; homelessness; and the unpardonable existence of Third World conditions in general — will continue to worsen.

We need fair taxation for everyone's benefit. It is economically sensible because it creates a stronger consumer market by channeling money to the bottom of the class structure, spurring economic activity through demand, rather than the present system where money stagnates at the top and is used for speculation, not investment.

Most of all, however, progressive taxation makes good sense because it is humane. Oregon needs to fund its schools and universities, its programs for children and others in need, and the full-range of human service simply because we have respect for people less fortunate.

Progressive taxation is a step in the right direction, and for Oregon's students it is the only sensible thing to do. Support the Fair Tax initiative by signing the petition or by calling Lane Fair Share at 344-0650.

Jason W. Moore is editorial page editor for the Student In-surgent.

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