

## 'Split-roll' tax battle has already begun

With three months to go before the November election, sparks have already begun to fly in the battles over statewide ballot measures. It is a safe bet that the most hard fought campaign will be over the OCA's anti-homosexual Measure 9. But following a close second will most likely be the proposed "split-roll" property tax amendment to Measure 5.

Measure 7, as the split-roll tax will appear on the November ballot, is sponsored by Oregon Fair Share and aims at restoring between 60 percent and 70 percent of the revenue lost under Measure 5.

Before Measure 5, homeowners and commercial-property owners paid different property tax rates. After Measure 5, rates for both types of property became equal, and will eventually settle at \$15 per \$1,000 of assessed value. Measure 7 would amend Measure 5 by setting commercial-property tax rates at \$30 per \$1,000, still less than what they were before Measure 5.

Already, there have been reports of landlords threatening to raise rents \$50 to \$100 per month, businesses laying people off and/or increasing prices to offset what they are portraying as a tax increase. Such claims are patently false and to act on them would be just short of criminal.

Currently, commercial-property taxes are set at \$25 per \$1,000. In pre-Measure 5 Lane County, those taxes were \$31.44 per \$1,000. Setting them at the proposed \$30 per \$1,000 would be an increase only in the sense that businesses would not receive continued windfall savings.

The thinly-veiled attempts at extortion by landlords who oppose Measure 7 must be exposed for the hypocritical double-speak that they are. Primarily, why do rents need to increase \$50 per month when property taxes are raised by \$5 per \$1,000, yet they did not decrease by \$50 when property taxes fell by more than \$6 per \$1,000. Something's rotten in Denmark.

The benefits of Measure 7 are many. Not only would the measure replace much of the revenue lost under Measure 5, the saved money would be directed solely at education, thus freeing up the millions of dollars in the state's general fund that would have gone to education, short-changing other state services. Measure 7 would also provide for rent relief, something not found in Measure 5.

Some people voted for Measure 5 to punish what they perceived to be wasteful state-government. Most people voted for Measure 5 because property taxes were simply too high, and therefore have little reason not to vote for Measure 7. Homeowners would still get their tax relief, and the state would get a reprieve.

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Commentaries should be between 750 and 1,000 words, legible and signed, and the identification of the writer must be verified upon submission. The *Emerald* reserves the right to edit for grammar, style and length if necessary.

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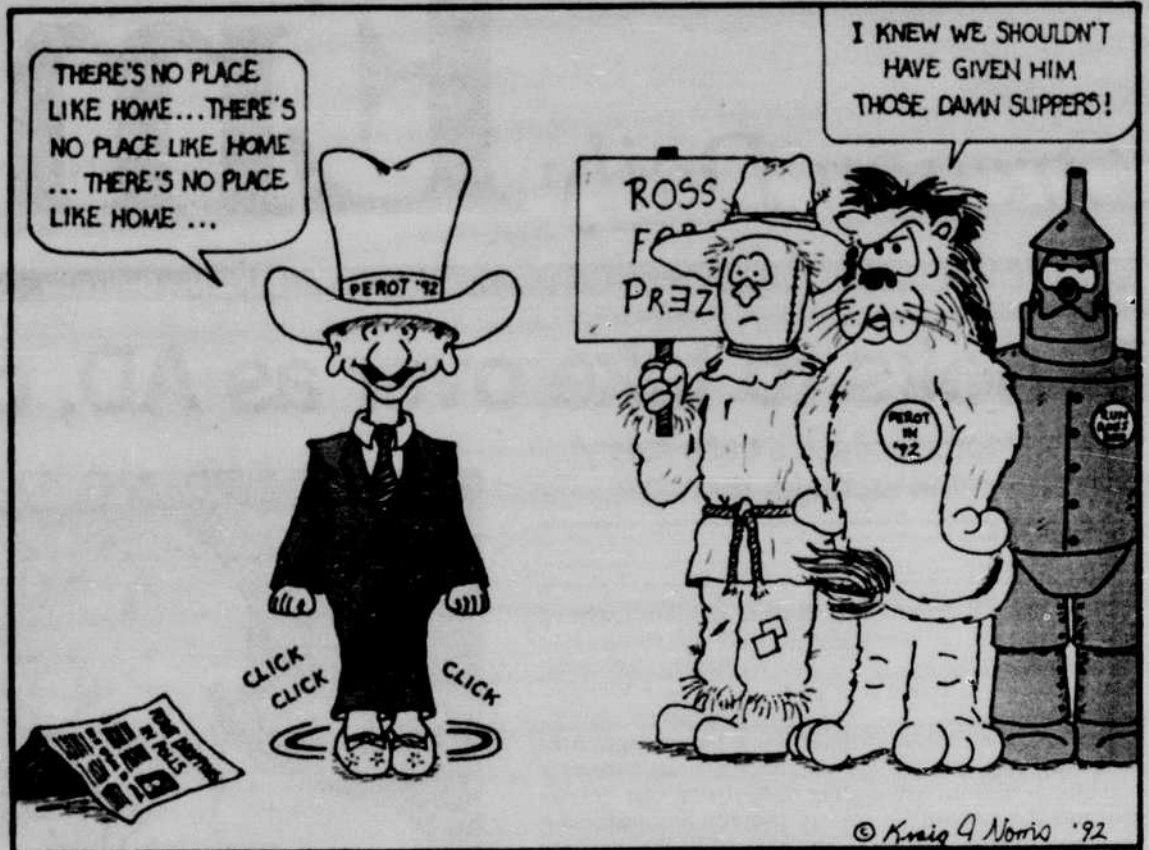
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## COMMENTARY

# Sales tax places burden on poor

By Jason W. Moore

Gov. Barbara Roberts' failed tax package certainly left something to be desired, continuing to place the heaviest tax burden on those least able to pay. Nonetheless, it represented a real opportunity for much-needed tax reform, even if it was only a step in the right direction. Sadly, that opportunity has been, for the moment, shot to hell.

Roberts proposed a new sales tax of 3.5 percent on goods only, reduced property taxes from the current (post-Measure 5) \$25 per \$1,000 assessed value to \$15 for homeowners and \$20 for commercial property owners and slightly cut personal state income taxes. The most drastic change was the introduction of a sales tax, an idea that has never received the approval of more than 29 percent of Oregon voters during its numerous appearances on the ballot.

Mainstream debate over the sales tax often ignores the larger issue, namely, that the sales tax is both economically and socially irresponsible — it is a fundamentally regressive tax. The poor and working class, who consume virtually all they earn, are, not surprisingly, hit hardest by a tax on consumption. A working class family that buys a new refrigerator pays considerably more tax dollars as a proportion of its total income than its upper-middle class counterparts who do the same. A significantly larger part of upper-middle class income is directed not into consumption but into investment — largely speculation that amounts to so much paper shuffling, with no material benefit to anyone not wealthy enough to own a stock portfolio.

Building on the above example, we can see the economy benefits more from the purchase of a refrigerator than

from the purchase of stock (more money, to be again directed into consumption, finds its way into the hands of workers through the production, transport and sale of a manufactured good instead of into those of stockbrokers and lawyers involved in high finance, probably only to be invested unproductively again ...). So, why impose a tax that would increase the price of manufactured goods, thereby reducing consumer confidence, purchasing power and consequently, overall employment?

Roberts pays lip-service to lessening the tax's regressivity by exempting food and health care. She fails to take the one step that would really have an impact — taxing services, such as the work done by high-powered lawyers, accountants and stockbrokers. These, of course, are services that businesses use regularly, and that are already priced out of reach of even many middle class consumers.

Proponents claim that the sales tax is a way to get at some of those previously untaxed, such as tourists and drug dealers. In doing so, however, the sales tax serves to tax children, the elderly and the destitute. Is this a fair tax for Oregon?

A fair alternative to the sales tax is a tax on income producing property and Roberts rightly proposed such a tax in her package. Conservatives claim that his will cost jobs and raise prices. A state's taxation policies, however, have less to do with attraction and retention of business and investment than do, for instance, a good education system, a workable infrastructure, or a viable pool of consumers ready to spend. Diminished human services can only harm all three of these, and harm the "good business climate."

What's more, "If business was not leaving the state in 1990 because of (pre-Measure 5) property taxes, why would

they leave because we return them to the 1990 level?" asks Joy Marshall, local organizer for Lane Fair Share, referring to her organization's tax proposal. The same logic applies to the argument that this will result in higher prices for consumers. We know they didn't lower prices when taxes fell; why should they raise prices when taxes are restored to 1990 levels?

The real key to tax fairness, as Roberts must realize, is taxation that places the burden on those most able to pay. The tax structure most capable of giving genuine tax relief for Oregon homeowners, promoting a healthy economy and providing the full range of human services is progressive taxation that includes not just fair taxes on commercial property but taxes on personal wealth and income. Creating higher tax brackets for wealthier individuals (Oregon's income tax tops out at only \$10,000 per year), and inheritance and luxury taxes are crucial options that the Roberts plan overlooked.

Oregon Fair Share (Lane County chapter: 344-0650) has placed the Fair Homeowners and Renter's Relief Measure on the November ballot (Measure 7). This would split the property tax rolls, establish a \$30 per \$1,000 cap (still lower than pre-Measure 5 levels in Multnomah and Lane counties) on commercial property, provide immediate tax relief for homeowners and make up two-thirds of the Measure Five shortfall.

The Roberts' proposal got at least one thing right — those at the top must be taxed fairly for the benefit of all. But only the Fair Share initiative carries this thinking to its logical conclusion.

Jason W. Moore is the co-editor of the Student Insurgent and co-director of the Center for Contemporary Activism.