

\$3 CAR LICENSE BILL IS MENACE TO ROAD SYSTEM

This Is Opinion Arrived at by Roy Klein, Highway Engineer

GIVES FIGURES TO BACK UP CLAIMS

Measure Would Mean Loss of Much Revenue, Not Only to State But to Counties as Well.

That the \$3 automobile license bill, which will come before the people for approval or rejection at the May primary election, would mean the future impoverishment of the state highway system is the finding of a careful study of the revenues that would be available for road building and maintenance in Oregon if the bill should become a law.

These findings, prepared by the Oregon Voter, published by C. E. Klein, secretary of the present commission, were presented in the Feb. 24th issue of the Oregon Voter.

The effect of the proposed rate of \$3 would be the loss of approximately 44 per cent of the highway work and some maintenance, and also the birth of a problem in the state tax commission of whether to levy a general state tax on property to provide for interest and principal of state highway bonds due in 1929.

Roads Nationally Famous

At present, Oregon's roads and highway programs are nationally famous—its thousands of miles of pavement and siled macadam attracting annual commendations from hundreds of motorists from every part of the United States and some from Canada and Mexico. This is true not only of state built highways but also of county roads in many of the counties. In Union county, for example, a great deal of the modern, well-maintained market roads are paid for partly by state revenue, derived mainly from the automobile license and gasoline tax.

County add amounts to 25 per cent of the net revenue after money has been withdrawn from the total taxes and fees collected to pay for the cost of operating the motor vehicle registration offices in Salem, Portland and other cities, the expense of plates, of refunds, of supervising the state traffic officers and paying a portion of their salaries. The remaining 75

per cent goes to the state highway commission.

Would Endanger Highways

With the estimate that the \$3 automobile license bill would cut the total revenues 44 per cent, it can readily be seen why the bill, if enacted, would seriously endanger the development and maintenance of the state highway system and county roads built partly with money received from the state.

Mr. Klein, taking the Bylander bill with its \$2 flat fee for more than 50 per cent of the passenger automobiles and its \$5 flat fee for less than 10 per cent of the passenger autos, shows what would have been received in total revenues in 1927 and the bill been a law.

During 1927 the gasoline tax in Oregon totaled \$2,622,000 or 25.17 per cent of the total. Motor license fees were nearly twice as large, bringing in \$4,522,000 or 42.42 per cent. Miscellaneous made up the remaining 7.21 per cent or \$120,000.

44 Per Cent Less

In contrast with these revenues of 1927, as actually collected, Mr. Klein shows that instead of \$7,144,000, these revenues, including gasoline tax and miscellaneous receipts, would have aggregated only \$3,990,000, or 44 per cent less.

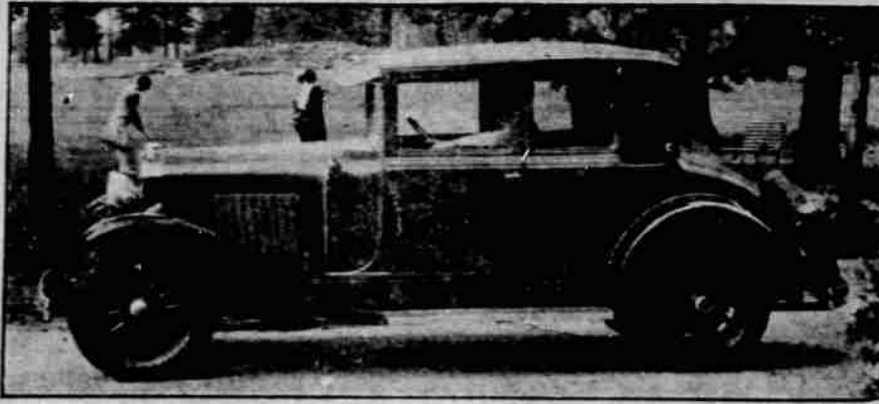
Considering the motor vehicle license fees by themselves, he shows that instead of receipts of \$4,522,000 during 1927, the state would have received only \$1,935,000, a reduction of 58 per cent in revenues in this one item.

Should the bill pass, as stated above, the problem will confront the state tax commission of whether to levy a general state tax on property to provide for interest and principal of state highway bonds due in 1929. While the commission has power to levy the bond tax on property, it will hesitate to do so if there is any state highway revenue from which the bond obligations may be met, the Oregon Voter explains. Even with the Bylander bill in force, there would be enough revenue to meet the bond requirements without levying a general tax on property, but every dollar required for bond interest and redemption would be a dollar less for highway purposes.

As It Affects Counties

One of the most important disbursements to the payment to the counties for their highway funds, of 25 per cent of the net. This payment would not be affected by the levying of a state property tax for bond interest and redemption, as the 25 per cent is computed on the net motor vehicle license fees remaining after the secretary of state pays the bills he is required to meet from the fee receipts. The amount of this disbursement to counties, however, is dependent upon the volume of receipts from license fees. This 25 per cent of net, the county share, would have been reduced in 1927 under the \$3 automobile license bill from \$1,635,500 to \$434,400, a loss to the county highway income of 73 per cent. For example, if a certain

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county received \$100,000 during 1927 for building of its own highway system, including market roads, under the \$3 plan, it would have to levy a tax upon its property owners within its bounds to provide the other \$72,000. If the road development and maintenance were to be kept up, the \$3 plan would slip 72 per cent of all state aided county road work.

onto the heavily burdened shoulders of the farmer, the home owner and others in the county who possessed taxable property. In addition to all this, the property owner, if the state highway program were to continue, and so-called nuisance taxes avoided, the man who had supposedly taken on additional tax burdens to build county roads, would have to stand another substantial increase in state taxes to make up for the 44 per cent loss in revenues that would result from the \$3 bill were it to become a law.

Possible "Remedies"

The only way out of this problem, without taxing something besides real property, such as cigars, amusements, etc., would be to curtail both state and county road-building. It is said.

These revenues to county highway funds have been a dependable annual asset, upon which highway programs and property tax programs have been laid out for years—in Union county the same as elsewhere. Under the 6 per cent limitation, the property tax levies for highway purposes have been scaled down by the amount of the receipts from the state motor vehicle funds. Suddenly deprived of this revenue, the counties would not be able to restore their highway income except by levy of general property taxes by vote of the people, the Oregon Voter points out. All of the counties having bonds outstanding

are levying property taxes for interest and redemption, so there would be no other method of replacing the motor vehicle revenue except by popular vote. Should the people of any county need roads so badly as to vote relief to make up the deficit, the general property tax would be that much higher.

No money whatsoever would be available for new construction from revenues in the absence of a state levy for bond interest and redemption, it is said. Additions and betterments also would go by the board, for there would not be any revenues for those purposes. Neither would there be revenues for matching federal funds. Even after reducing administration and

collection costs to the bare, it would be necessary to reduce maintenance. What a maintenance reduction would mean to the high grade macadamized state highways must be left to the imagination of motorists who used to drive over macadam surfacing in the days when there was little money for maintenance.

Mr. Klein states that Oregon's highway system has cost about \$3,000,000 since 1917, and maintenance requirements soon will equal 5 per cent a year, of \$3,500,000, if it is to be kept in good condition. Allowed to deteriorate it will cost

(Continued on page 7)

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E. E. Standler, La Grande, Ore.	1-Holt 45
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Union County	1-SIXTY
Union County	1-THIRTY
Wallowa County	2-SIXTY
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