

AERIAL PHOTOGRAPH OF ROUGH & READY MILL APPROXIMATELY TWO YEARS AGO

(Photo courtesy of Rough & Ready Lumber Co.)

Preliminary budget planned by Ways and Means Committee outlines cuts

By MEDFORD
‘MAIL TRIBUNE’

As the reality of Oregon’s budget free fall begins to sink in, some legislators are beginning to soften over the possibility of new taxes.

"I think people are finally looking into the abyss," said Republican Rep. Rob Patridge of Medford.

With the projected budget for 2003-05 pegged at \$10.6 billion, the state is looking at paying for education, public safety and health services with approximately \$2 billion less than during the last fiscal cycle.

The Joint Ways and Means Committee will formulate a preliminary budget by April 15 that will outline some projected cuts.

"We're going to end up with some kind of (new) revenues," predicted Patridge, who sits on the committee. "The budget is too grim."

However, Patridge said, before any discussion of new revenues is raised seriously, lawmakers need to convince themselves and the public that they have wrung every efficiency they can out of every buck they've got.

Given the current budget scenario, Patridge said the shortfall could trigger releasing prisoners and mean a \$200 million cut for public safety.

"Even if we laid off the entire state patrol division,

that is only \$70 million (savings)," he said as an example.

Legislators are going through state programs looking to make them more efficient, something Patridge said could generate \$100 million to \$200 million in savings. Another \$200 million to \$500 million could be saved if legislators can make a significant dent in the \$15 billion Public Employees Retirement System debt.

Patridge said voters don't want to consider tax measures unless the Legislature has done its homework.

"Oregonians don't want to be held hostage," he said. But whether that translates into increases in property or income taxes, Patridge said it is too early to tell.

He believes that legislators will begin serious discussions of new revenue sources toward the end of next month.

Democratic Rep. Alan Bates of Ashland said that legislators have been discussing ways they can make government more efficient and also make modest increases in revenues.

At the end of the day, he said, these budget maneuvers might only provide \$1 billion of the \$2 billion shortfall. "That's only halfway there," he said. "We are still going to be way short."

There has been discussion of eliminating tax deductions that could generate \$200 million to \$300 million in extra revenues, said Bates, who also sits on the Ways and Means Committee.

Discussions include eliminating the tax break for a second home or capping the deduction on expensive homes.

Bates, who with Republican Sen. Lenn Hannon of Ashland have supported a sales tax, said Oregon's tax system needs to be overhauled to make it more stable.

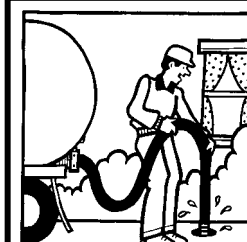
The depth of the state's fiscal problems is beginning to become more apparent to many of his colleagues, he said.

"The right wing says we can go ahead and make the cuts, but there is some softening, particularly as the reality of this sinks in," he said. "If they can vote for this (the cuts), I will be amazed."

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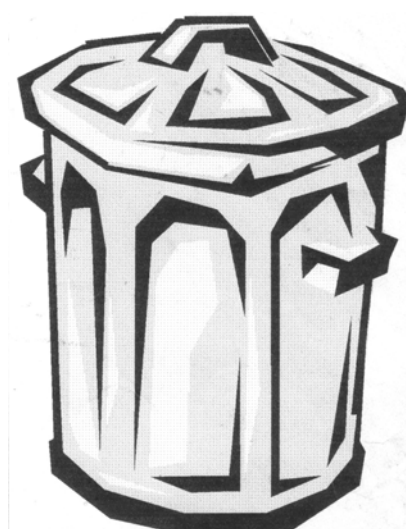
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