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Tax Refund Savings

The new plan to give U. S. taxpayers the opportunity to take tax refunds in Savings Bonds is one that should prove a boon to individual citizens, as well as a constructive step in the direction of easing the nation's debt management problem.

Public interest in this plan has been evident for a long time. A recent survey indicated that a significant number of taxpayers who received refunds last year might have taken them in bonds if given the option.

Individual taxpayers can benefit from the plan by making it a method of insuring that their refunds are not simply absorbed into household money, to vanish in day-to-day spending.

The plan will permit the setting aside of the nucleus of a special fund for educating their children, planning for retirement, and the like.

And for all taxpayers it represents an opportunity to own a real share in America while earning a good return on their money.

The Treasury hopes to benefit from the plan, too. At present more than 45 billion dollars in Series E and H Savings Bonds are outstanding, nearly one-sixth of the national debt.

The Treasury is keenly interested in increasing the amount of money in bonds, since every dollar in this type of security is a dollar less that the Treasury has to raise through the commercial banking system.

The Treasury is also aware of the beneficial effect that Savings Bonds have in encouraging the habit of thrift and in helping to maintain economic stability in communities throughout the country.

Just as the Payroll Savings plan has appealed to many people because it is an automatic way of saving, it is expected that the new tax refund plan will be popular for much the same reason. The Treasury hopes so.

It would be well for all citizens who are expecting tax refunds this year to consider seriously taking them in Savings Bonds — to benefit themselves and their country.

A check mark in the proper place on the new tax forms can put you in an active role in supporting the Nation, and feathering your own nest at the same time.

Salem Scene

by Robert H. Elsner

State Tax Base Broadening "Long Overdue", Says Senate President

Senate President Ben Musa has some definite thoughts on state government, taxes, and other problems facing Oregon's Legislature. He discussed some of them earlier this week, for "Salem Scene" readers.

Although his personal legislative goals for the 1963 session are limited, he strongly advocates a broadening of the state income tax base. "It's long overdue," he claims. "We've simply got to have it, to get more people paying taxes."

Musa says the Legislature's overriding problem is to "get enough money to pay our bills."

Musa Has Own Plan

But he doesn't feel the best answer is Governor Hatfield's "net receipts tax," which seems to have healthy bi-partisan support.

Democrat Musa, a certified public accountant in The Dalles, has an alternative proposal for broadening the tax base to cover more taxpayers. It was introduced in the House by his wife, Rep. Katherin Musa (D-Hood River and Wasco Counties) early in the session.

Commonly called the "Musa plan," it has three basic elements:

(1) Reduce personal exemptions from $600 to $500;

(2) Remove the Federal income tax as a deduction on state returns; and

(3) Create a minimum filing fee, ranging from $5 to $7.50.

Unlike the "net receipts tax" bill, which would bring in more than $30 million in additional revenue, Musa's proposal would raise considerably less—an estimated $4 to $6 million in new tax money.

"We're not shooting for more than that," Sen. Musa explained. "Natural growth would increase revenues in future years, as more people come to Oregon."

He emphasizes that the "Musa plan" (H.B. 1014) "has no intent" of raising the rates of present state taxpayers. "And if it did somehow raise their taxes, we would recommend a corresponding rate reduction," he added, in explaining that the primary purpose of his bill is to get minimal taxes from wage earners who now pay nothing. The proposed filing fee would accomplish much of this.

Wants All Tobacco Taxed

"Oregon will eventually have a cigarette tax," Musa predicted, "because we simply have to raise the money." He supports it now, but feels that it should include all tobacco products, and not just cigarettes, as has been advocated.

Musa admits that a tax referendum is quite likely with any tax program the Legislature adopts. But he doesn't believe in "threatening or holding a club over the electorate" in warning them that if they turn down a tax increase, it will mean a big cut in basic school support.

"But if the referendum is invoked, we'll have to come back and cut-down somewhere," Musa added. "If we do find it necessary to curtail the education budget, it would simply pass the buck back to the already-overburdened property owners."

Musa feels that some cut, if required, should also come out of the welfare budget.

"I can't go along with the governor's claim that hiring more welfare workers is going to reduce the budget in that aera," he opined.

Opposes Gas Tax Cut

The senate president opposes the bill which would reduce state gasoline taxes. "They should stay the same," he said.

"This is one place where we really get our money's worth. Why, I can remember — not many years ago—when it used to take hours to drive a distance that modern highways make possible in just minutes now."

We asked Sen. Musa for his views on a possible tax election, which would let the voters decide on the type of new tax they prefer—if any.

He is against this he explained, "because we should have the courage to do what we're being paid for, and not shove our responsibilities off on the voters."

He also questions the legality of an election which would let the people vote on various tax alternatives, "particularly if no proposal received a simple majority of all votes cast." He does feel that a flat "yes-or-no" tax election might be legal, however.

Unemployment Tax High

Musa said the legislators should take a "long, hard look" at Oregon's unemployment compensation program. Proposals to expand benefits and broaden coverage will have a "tough time" in the senate, he feels, unless some provision is added which would get employees to share in unemployment tax costs. These are now paid fully by employers, and Oregon has one of the five highest rates in the nation.

Reorganization of Oregon's 50-year old workmen's compensation program is "long overdue," Musa said. "There are too many theorists running a practical business. My first concern is for the injured workmen, and a reorganization should be to his benefit."

He also feels that the whole state government structure is "over-bureaued," which is some what along the lines of Governor Hatfield's thinking that there is room for consolidations in some areas.

Ground Hog Day, 1963

The House Taxation Committee will resume testimony on HB 1009 at 1 p. m. February 18, a Monday.

This bill provides that buyers of real and personal property such as timber from government units, under a contract of sale, shall be considered its owner for tax purposes.

LETTERS TO THE EDITOR

How Many Hunters Know the Answers?

To The Editor:

Recently there has been much comment on the killing of does and the preceding deer season.

I am one of the so called hunters who didn't get a deer (doe or buck).

I do not blame the Oregon Game Commission for this. They sold me a valid deer tag. I also was lucky enough to draw a doe tag for my first choice area.

(Continued on Page 4)