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Ring in the New!

As the New Year unfolds, we hope the 200th Anniversary of our nation and the accomplishments of our forefathers serve to inspire us all to greater heights and to a better life.

Greetings 1976

Salem Scene

by Jack Zimmerman

POOR BUSINESS CLIMATE MAY INFLUENCE SOLONS

It has been said business climate is established by government, not by business.

On the basis of that statement, a study showing Oregon's business climate among the nation's poorest could be an influential factor during elections in 1976.

Prepared by the nation's largest plant location consultants, The Fantus Company of Chicago, the study ranks Oregon's business climate eighth from the bottom among the 48 contiguous states.

Based on three distinct considerations, the Fantus analysis gives Oregon an excellent rating for living facilities, a good rating for population characteristics—but a failing grade in state legislative climate.

Living facilities include expenditures for education, student-teacher ratio, availability of institutions of higher education, expenditures for vocational education and recreation, parks and tourist facilities, doctors and hospitals. Population characteristics include an examination of the selective service rejection rate, years of schooling, school attendance, percentage of voters, proportion of owner-occupied homes, families earning less than $3,000, union membership and work stoppages.

Legislative climate includes reliance on corporate taxes to fund state government, per capita expenditures for property taxes, public assistance, personal income taxes and local taxes, labor laws favorable to industry, unemployment compensation rate, workmen's compensation benefits, governmental units, their payrolls and state and local government debt.

Although the Fantus report tends to compound Oregon's competitive disadvantage with other states when it comes to attracting new business, it hasn't produced any shockwaves.

Even before its release, Gov. Bob Straub was touring the state telling audiences Oregon is again open for business under new management. And the State Department of Economic Development has had plenty of experience combatting the come-play-but-don't-stay reputation established during the McCall administration.

Ed Whelan, director of economic development, is quick to point out business climate consists of many factors and expressed pleasure at the fact Oregon received good marks in two out of three Fantus categories.

He also is optomistic the state has a good chance of earning better grades in the legislative climate category.

"Livability isn't everything," he said, "and there seems to be increasing concern for groceries on the table."

And though Fantus people bend over backward to achieve objectivity on the basis of published reports, existing laws and established regulatory practices, the Governor's office is placing heavy subjective emphasis on a more friendly attitude toward business. Straub's 1975 legislative program appeared to embody much of Whelan's concern for payrolls and the groceries they buy.

Despite the fact the most recent legislative session produced higher taxes on corporate income, higher costs for unemployment and workmen's compensation and a heavier personal tax burden on higher incomes, it also revealed a growing awareness of the desirability of finding a balance between livelihood and livability.

The state's good marks in living facilities and population characteristics doubtless has contributed to a continuing increase in manufacturing employment—in spite of failing marks is legislative climate. Department of Commerce figures furnished with the Fantus report show recent gains in manufacturing jobs—a circumstance shared by only a few states on the low end of general business climate ratings by Fantus.

But there are other factors unmeasured by Fantus that still are of major concern to the business community. Oregon's legislative stance on environmental, consumer and land use issues is considered by many a liability when it comes to attracting new business.

Few thinking business people deny the need to address those issues. But fewer still embrace the attitude Oregon must be first with the most or have more stringent controls than other parts of the country.

One reason the Fantus study hasn't created more waves among business people probably is attributable to the fact those who operate businesses probably like the state's livability as much as anyone else. And proof of this contention is their willingness to conduct their business under some conditions less favorable perhaps than in other states.

Nonetheless, most observers believe the Fantus analysis will have a direct bearing on the process that selects members to participate in the next regular biennial session of the Oregon Legislature. And those members likely will work to maintain a business climate that will sustain favorable livability.

The state isn't the only government involved in establishing business climate. Most businesses have many more problems coping with federal laws, regulations and red tape than they do with state and local government.

A statement to which a typical Oregon businessman might respond:

"That's true. But my State Legislator and my county commissioner and my city councilman are right here in Oregon with me.

"I'll take my chances with them first. If I'm unsuccessful, maybe those people in Washington, D.C. will get the message."

Kids Readers Are Wanted

New librarian Roberta Shook wishes to remind Port Orford area youngsters that a children's story hour is held each Saturday at 1:00 p.m. in the library. Teenagers and adults are invited to read to the children at this weekly event, and volunteers are needed now. She issued a special thank you to donors of books, time, energy, money, crafts and concern throughout the past year.

Shook pointed out that the library is better stocked than ever before, but that the staff can obtain almost any book you need through the state library and other sources if it's not available here. Suggestions for new books to purchase are always welcome, she said.

LIBRARY LIMERICKS
by Lilly

Come look for a book
In a quiet nook
In the library.

Let the seed of a need
Find a place in your mind
In the library.

We'll grow we know,
It's true—for you
In the library.

CORRESPONDENCE COURSE

Students paid 55 cents for a primer and 10 cents in postage to participate in the University of Oregon's first English literature correspondence course in 1895. The course covered Shakespeare's "Merchant of Venice."

Banks Call Merger Off

The boards of Western Bank Coos Bay and Citizens Bank of Oregon, Eugene, have announced that merger discussions between the two banks have been suspended indefinitely.

A.W. (Bill) Sweet, president of Western Bank and Craig Robinson, president of Citizens Bank of Oregon cited significant policy and procedural differences as the reason. They noted that after three months of study of the two organizations both boards had concluded that an orderly transition would be most difficult to achieve at this time.

"The anticipated benefits of this merger were based on our ability to rapidly integrate both banks into an efficient and effective organization," they stated. "It now appears that this could not be accomplished within a reasonable period of time."

Alien Filing Now Underway

District Director Lyle H. Dahlin of the Immigration and Naturalization Service stated that the annual alien address report program usually causes a sharp rise in the number of applications for naturalization.

The law requires all aliens in the United States, with few exceptions, to re[illegible]t their addresses each January. Throughout the United States, almost thirty percent more applications for naturalization are received during the months of January, February and March then are received during other months. Mr. Dahlin attributes this sudden rise to the Alien Address Report Program.

Aliens not required to make this report are diplomats, those accredited to certain international organizations.

Forms for making the reports will be available to aliens at all Post Offices and Offices of the Immigration and Naturalization Service during the month of January. Mr. Dahlin indicated that aliens desiring information concerning naturlization or similar matters should obtain the forms at an office of the Immigration and Naturalization Service where personnel trained in these fields will be available to answer inquiries.

Tax Help For Storm Damage

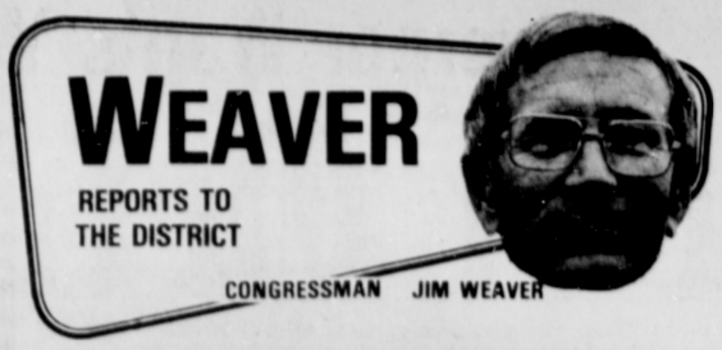
Damage suffered from recent storms in western Oregon may be tax deductible for 1975 according to John J. Lobdell, director of the Oregon Department of Revenue and Ralph Short, district director of the federal Internal Revenue Service.

The important thing, according to Lobdell and Short, is to substantiate the amount of the loss. This can be done by taking pictures before the damage, but if that is not possible, pictures should be taken after the storm and after repairs are made.

The property owner should compile a list of items lost or damaged, initial cost, value before and value after the storm. In computing the amount of loss the property owner must deduct insurance or other compensation received to offset the loss and the value of repairs and cleanup provided without cost.

Damage to business property is entirely deductible while damage to residential and other personal property is limited to the amount over $100. It may be necessary to hire an appraiser to assist in determining property value. The appraisal fee is also deductible.

More details are available in IRS publication 547 which can be obtained from local IRS offices in Coos Bay (on Mondays), Astoria (on Mondays), Newport (on Tuesdays), or by calling, toll free, 1-800-452-1980. Information is also available at offices of the Oregon Department of Revenue in Astoria, Portland, Hillsboro, Salem, Eugene, Roseburg and Coos Bay.



TAX CUT EXTENSION

Why didn't Congress add a spending limit to the bill extending the tax cut through the first six months of 1976? The answer: We did.

To control the budget, Congress created a Budget Committee and installed a process that requires setting a spending ceiling for each year's budget. The spending resolution for the 1976 budget has passed. It takes into account the tax cut extension for 1976 and its $375 billion spending ceiling is binding on us.

The President, on the other hand, has demanded that Congress attach a spending ceiling for the 1977 budget to the tax cut bill, a bill which affects only revenues for the 1976 budget. This is the veto issue. In effect, he wants Congress to abandon its budget process.

Furthermore, Congress will impose a spending limit on the 1977 budget. We are required to pass a 1977 budget ceiling in May. It would be irresponsible to set the arbitrary $395 billion ceiling the President wants before looking at the whole picture that effects the budget—economic conditions, revenues and spending needs. At that time, we can also determine whether or not to extend the tax cut bill into the fiscal year 1977.

I strongly believe the Congress has acted prudently with public spending. In the 16 appropriations bills submitted by the President for 1976, Congress actually cut the President's budget by $7 billion. In overall spending, the 1976 budget resolution was less than 2 percent over the President's recommendations.

I supported a budget even less than that of the President and Congress. I voted for steeper cuts in military spending (the Pentagon is the most bloated of bureaucracies) and foreign aid. I voted for more funds for job stimulus, education and health.

I did so because the huge deficit ($74 billion) is directly related to economic conditions that cause revenue shortfalls. Each one percent increase in unemployment costs the treasury $16 billion ($14 billion loss in revenues and a $2 billion cost in unemployment compensation). In the past year unemployment has risen nearly four percent. Four times $16 billion is $64 billion, or about the size of the deficit.

Even in this slack economy the deficit has not "crowded out" business investment as many claim. To the contrary, most of the deficit has been financed and still there is ample savings available for business borrowing. I strongly expect long term rates to fall much more in the coming year and with that a pick up in housing.

Certainly we should balance the budget when the economy is once again in high gear.

The tax cut and its extension were designed to provide economic stimulus by putting money back into the hands of the taxpayers. A successful veto will raise tax withholding rates immediately. It will take purchasing power away from middle-income families. It will remove the stimulus needed for economic recovery and the eradication of unemployment that will eventually bring revenues and outlays into balance.

These are the reasons we believe it is in the best interests of America to have a tax cut extension.