

THE Sandy Post

GREAT WAY
TO THE MT. HOOD PLAYGROUND

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SALEM SCENE

by Everett E. Cutter

INVENTORY TAX HELD DAMAGING TO GROWTH

Ever try to find a reasonable selection of goods at your local stores around the first of the year? Or to locate a suitable exchange for a Christmas gift?

Those who think Oregon's inventory tax means merely an annual counting chore for merchants and poor merchandise selection for shoppers, might reflect on evidence that the tax severely limits our economic development, employment and personal income.

The opinion that Oregon's inventory tax is oppressive is shared by many, and reasons were detailed here last week by Douglas Heider, director of the Oregon Retail Council, statewide organization of merchants. Heider testified before the permanent Legislative Tax Study Committee, a select group of legislative and citizen members seeking reasonable tax reforms.

The inventory tax, according to Oregon law, applies to "all livestock and all items of tangible personal property described as materials, supplies, containers, goods in process, finished goods and other personal property owned by or in possession of the taxpayer, that are or will become, part of the stock in trade of the taxpayer held for sale in the ordinary course of his business." Such a personal property tax is levied only on business and, as Heider noted, is discriminatory between business operations which require inventories and those which do not.

To correct this, he reviewed numerous legislative proposals have sought to levy an across-the-board net business tax to eliminate the inventory tax, but none ever passed both houses. Then, in 1965, the legislature passed the Inventory Tax Relief Act of 1965, which called for a five-year phasing out of half the inventory tax at 10 per cent each year through 1970.

Such a scaling down, however, required general fund appropriations each biennium to offset local revenue reductions (all Oregon property taxes go to schools and local government). In 1966 the tax was reduced 9.4 per cent, and in 1967, a total of 19.2 per cent.

Then all good intentions hit a snag. Although the regular 1967 session appropriated enough for relief this year of approximately 25 per cent, the budget item had to be cut, along with many others, during the special session because of state revenues falling far behind expectations for 1967-68.

According to Heider, the state's revenue shortage is due largely to the national building slump which has crippled our forest products industry. We need diversification of industry to escape our over-reliance on a timber economy, and the attraction we can best promote would be a sound tax structure.

"Elimination of Oregon's archaic inventory tax would materially aid in attracting the necessary industry to broaden our economic and employment base," he told the committee. He cited numerous examples of Oregon industries which have gone elsewhere for expansion and quoted testimonials upholding his contention that the Inventory Tax Relief Act of 1965 swayed many business decisions and materially contributed to year-round production and employment increases.

The phase-out program must be continued, Heider testified, because "the inventory tax is the only tax that directly causes unemployment. Many manufacturing firms are forced to reduce purchases and operations and work hours during November and December in order to mitigate the heavy tax load on the January assessment date."

This, he said, heightens the existing seasonality of Oregon's

economy. It creates unemployment and all the incumbent problems when unemployment is at its highest.

He cited 12 states which have excluded or scaled down their inventory taxes, noting that Oregon has one of the highest effective tax rates on inventories in the nation. Inventory tax relief, then, would put Oregon in a better competitive position for more diversified business growth as well as stabilizing year-end employment.

The Oregon Retail Council enjoys good company: others speaking out for inventory tax relief include the Republican and Democratic parties in Oregon, the Oregon AFL-CIO, former Gov. Mark Hatfield, Gov. Tom McCall, and the late Dr. John F. Sly of Princeton in his extensive study of Oregon's tax structure.

Gov. McCall, in fact, underlined Heider's testimony in an address the following morning, delivered before the Pacific Northwest Hardware and Implement Association for the ailing governor by Paul Nordstrom, director of the Division of Economic Development, State Department of Commerce.

"I have not lost sight of the long-sought-after goal of eliminating Oregon's inventory tax," he said. "We are solidly committed to the originally-intended phase-out of the inventory tax."

He said he (Gov. McCall) will recommend, depending on the state's economy, either an appropriation sufficient to bring relief to 50 per cent in 1970-71, or an adjustment similar to his special session recommendation to provide the intended relief without budget appropriations.

"The deleterious effect of this type of taxation on economic growth is beyond question," he said. "There is considerable evidence that inventory tax relief produces -- rather than loses -- revenue. That is, elimination of the tax stimulates economic activity which in turn expands our industrial base."

The Oregon Retail Council would prefer to gain inventory tax relief without the biennial appropriations, or possibly with only partial appropriations, particularly in view of lumber economy problems being reflected in the state's budget. The cuts, Heider testified, can

Cancer Society Needs Drivers

A hundred additional volunteer drivers is the goal of the service committee of the Multnomah County Unit of the American Cancer Society. The need for more drivers is critical, according to Mrs. John Damis, transportation chairman.

Serving as branch transportation chairmen are: Mrs. J. Frank Schmidt Jr., Gresham, and Mrs. Edgar Osborn, chairman and Mrs. Rayford Wright, vice chairman, East county. Under the new branch organization program, transportation is being arranged on an area basis to provide the most efficient use of time. An average of 15 patients a day is driven by volunteers to and from treatment centers. This service is offered to cancer patients who are referred by their physicians. All patients are ambulatory, Mrs. Damis said.

Volunteer drivers must be over 21 and under 65 years of age. The majority use their own cars, at their own expense. Especially qualified drivers also use the Cancer Society Greenbrier bus which can transport five or more patients on one trip.

Those interested in the Volunteer transportation program are asked to contact the American Cancer Society, Multnomah county unit, 729 SW Alder, Portland, phone 228-8331.

be absorbed in the total ad valorem tax base, and resulting economic expansion could more than make up the difference. Eventually, many would like to see a total elimination of the levy on inventories. Such a program, says the ORC, "would create more taxable property than would be removed from the tax rolls." And it would help shoppers find more on their merchants' shelves after Christmas.



Student Takes First Vows

Kathryn Knoll, daughter of Mr. and Mrs. James Knoll of Rt. 1, Sandy, took her first vows as a sister of the Holy Name on Monday, Feb. 5, at Marylhurst Convent Chapel.

The new sister has been a student at Marylhurst since her

graduation from Sandy High school in 1965 and became a novice in the order in August 1966.

Sister Kathryn is an Education student, majoring in biology.



BRUSHING OUT of Meinig Park began last weekend and beautiful contours of land that will make it an ideal picnic and recreation area become more apparent each day. Spike Emerson is directing the clearing project.

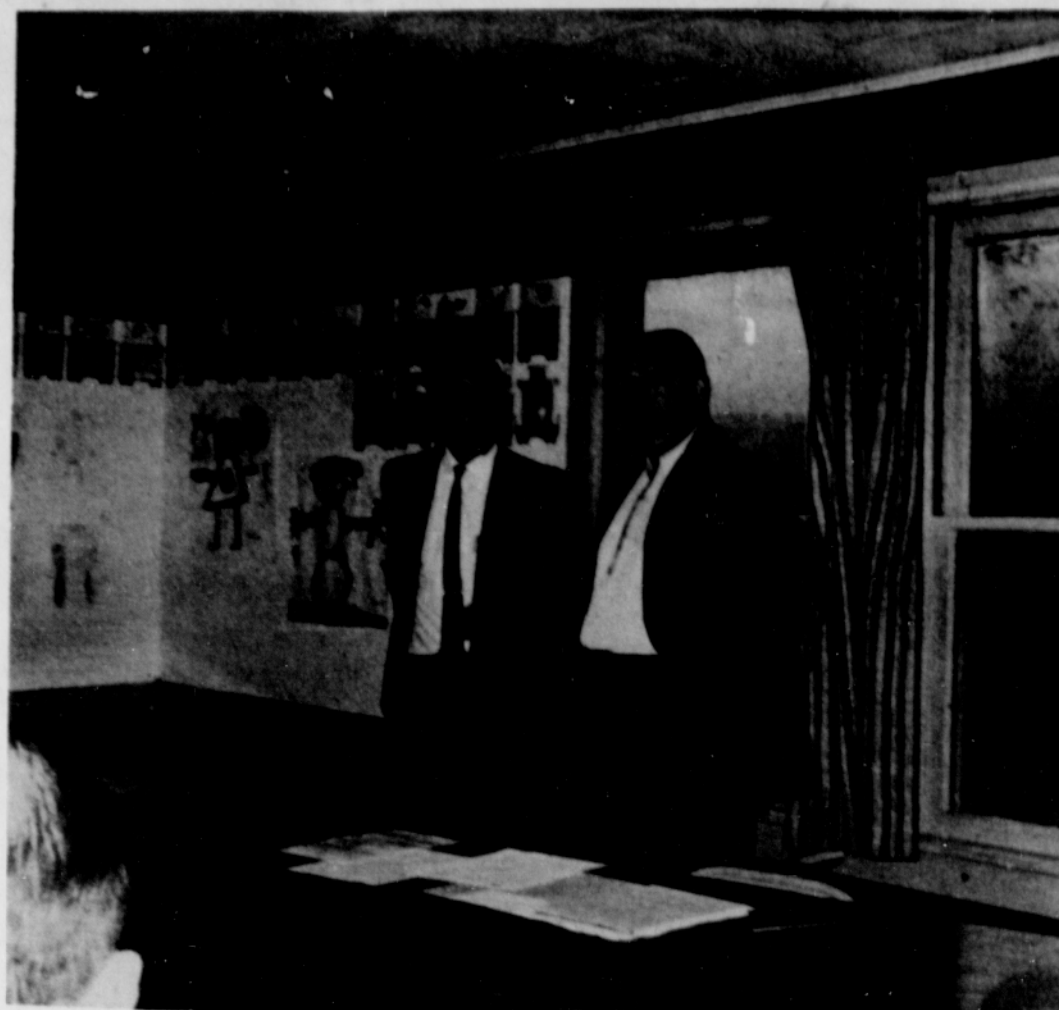
(Post photo)

Water District Bills Meeting

The next regular meeting of the Mt. Hood Loop Water District will be at 8 p.m., Tuesday, Feb. 13, at the Lions Hall, Wemme.

The public is welcome and

urged to attend the Water Board meetings. Attendance these meetings is the best way to get answers to your questions and the only way to get a true picture of the situation.



CLACKAMAS COUNTY SURVEYOR, Dexter E. Milne chats with Roger A. Fraser of Brightwood during brief pause of meeting Sunday afternoon at Lions Hall at Wemme. Milne spoke before group of land owners who will be affected by proposed changes in Truman Rd. (Post photo)

Conservation District Sets Annual Meeting

The ninth annual meeting of the North Clackamas Soil and Water Conservation District will be held at the Sandy Grange Hall (back of Kelso Store) on Saturday, Feb. 17, at 10 a.m.

Byron Edmonds, Chairman of the District, has announced that Jim Hall, County Planning Director, will be the featured speaker. His subject will be, planning and zoning and the need for public understanding.

The movie, "Oregon-1970", will be shown. Filmed by the Pacific Northwest Bell Telephone Company, it projects what will happen to Oregon in the next

ten years.

The Estacada Smith-Hughes Department will be presented an award by the Goodyear Tire and Rubber Co. The award is given each year to the outstanding conservation cooperator in the District. Selection of the 1968 winner will be announced at the meeting.

The ladies of the Sandy Grange will serve a no-host luncheon.

Edmonds said the program should be of great interest to those concerned with our natural resources and a place to live. The meeting is open to the public and everyone is welcome to attend.

It's Your Law

Employers and employees can encounter many legal problems in their labor relations. One involves the Fair Labor Standards Act, usually called the Federal Wage and Hour Act. It provides for a minimum wage and time and a half per overtime.

Sounds simple enough doesn't it? But it presents many problems. Let's take an example.

Suppose Ned, as an employee of the Widget Company covered by the Act wants additional leave days. He has taken all his accumulated vacation time, but he has been working considerable amounts of overtime.

"Say, boss," Ned asks, "how about giving me time and a half off, when all our rush work is over a few months from now, instead of paying me NOW for the overtime? I'll need it to get settled in my new apartment."

"O. K. Ned," the boss agrees. "Glad to do it. I know how hectic things can get when you're getting married and settled down."

Even though both Ned and his boss -- employer and employee -- agree to such an arrangement, it is not legal under the federal law.

Federal regulations state that overtime hours may not be accumulated following the pay period in which the overtime was worked. Compensation must be given when due, not later.

One other example of the multitude of problems that can arise occurs when computing the correct amount of overtime pay for those employees who are paid other than at an hourly rate, such as a pieceworker, or salesmen who receive bonuses. When setting labor policies, an employer should find out exactly what he legally can and cannot do. He will save himself a multitude of possible legal complications. Not knowing the law can be very costly.

(Oregon lawyers offer this column as a public service. No person should apply or interpret any law without the aid of an attorney who is completely advised of the facts involved. Even a slight variance in fact may change the application of the law.)

The whooping crane colony, once close to extinction, now numbers 59, highest in nearly 30 years. Low point was 14 in 1938.

The general acceptance of women as secretaries began in New York about 1877.

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