

Progress reported on school financing

Thurs., June 7, 1973 (Sec. 1) SANDY (Ore.) POST — 11

Both local representatives Jack Sumner and Paul Walden are on the special House committee working on school financing.

The two legislators reported to the Post this week on the actions taken by the school finance committee. The following is the report from Walden concerning the issue.

Back to taxes again this week. As most of you know, I am on a special tax committee

which has been studying ways of reducing property taxes, increasing revenue, and increasing the level of state support for local school costs. The committee has just about completed its work as I write this for you.

This so-called "majority report" supported by a majority of the tax committee consists of eight bills which will be voted on separately if they reach the House floor intact.

The minority report challenges four of those bills and makes a number of changes.

The tax question boils down to two predominant questions: how much direct property tax relief will be made available, and how much "basic school support" is the state going to provide? There are subordinate questions of what changes are to be made affecting the individual taxpayer, how business is to be taxed, what

tax breaks might farmers expect, and so on.

This time I am only going to discuss the two tax plans in general terms, because I don't know what the final form of either plan will be. Here's how it looks now.

The most important bill from the homeowner standpoint is House Bill 3248, known as the "circuit breaker." This measure provides direct property tax relief. According

to the majority report, \$139 million in state funds would be pumped into the "circuit breaker" to provide a tax credit or a rebate on the property taxes you pay. The majority plan provides at least \$100 tax credit for homeowners, though they might live in mansions and make six figure incomes, while providing up to \$495 property tax relief for those with low incomes. Renters would receive about

half of what homeowners would receive.

The minority report places \$61 million in the "circuit breaker" and limits the tax credit or rebate to those in the lower income levels who need help. It also provides relief for renters.

The second most important bill is HB 3241. This measure sets down the plan providing "basic school support" from the state to local districts. The

current level of state help is around 22 per cent. The majority report proposes raising this to 35 per cent this year and next year. It would provide \$134 million in new money for a total of about \$342 million state support. This money would, on the whole, provide indirect property tax relief by reducing the amount local school districts would have to seek from school district property taxpayers.

The minority report calls for a heavier state funding to schools by giving 30 per cent state support of local school costs the first year and 47 per cent the second year under a two-tiered equalization formula developed by the Interim Tax Committee, and which I introduced in January. It would require \$137 million new money during the first year, \$242 million during the second year for a total of \$379 million. Though this is a personal opinion, the two-tiered equalization approach is probably a more just means of providing support since it tends to equalize support and avoid "poor" school districts. The minority basic school support plan would also abolish IED equalization in the second year and would substitute statewide funding of the services provided by them.

Another important question considered by the committee was how business was to be taxed. Under HB 3244 of the majority report, corporations would pay their income (excise) taxes according to a sliding scale from 4 to 9 per cent compared with the current 6 per cent for corporations except banks which pay 8 per cent. This would bring in \$38 million more.

The minority report would also tax corporations but at an 8 per cent level. This would bring in \$28 million.

Another "business" question considered was when those excise taxes would be collected. Present law allows corporations to delay paying the state until after April 15 of the year following assessment and on a staggered schedule stretching over eight months. HB 3242 would require corporations to begin paying those taxes in the year they are assessed beginning January 1, 1974. Thus, during 1974 corporations would be required to pay 1973 taxes plus those due in 1974. Planners expect that to bring in about \$43 million more in that year only. By 1975 the level of revenue from the corporations would return to normal.

The minority report agrees with the practice of collecting corporate taxes during the year they are levied, but it would delay the impact of the change by beginning the collection in 1975 and phasing in the speed up over a two year span. The dollar impact on state revenues would be about the same - it would merely be spread over a longer time.

The following bills are part of both the majority report and the minority report:

Perhaps the most controversial bill among the eight in the majority plan is HB 3240 which states that local school districts could not spend more than last year's budget plus 6 per cent. There are no ifs, and's or but's about this directive. Even the voters could not authorize the spending of more money. This bill is in trouble and may not pass the Legislature.

Those who make an excess of \$20,000 a year would feel the effect of HB 3245, if it clears the Legislature and is enacted into law. It would prohibit the deduction of more than \$3,000 paid in federal income taxes on the state income tax return. It's thought this change would reap an additional \$40 million in revenue.

A remnant of the McCall tax plan is being included in the majority report as well. HB 3247 would take farm machinery off the property tax rolls and place it on the inventory tax rolls. This tax will phase out in 1980. It's estimated this bill would save the farmer about \$800,000.

It should be added that the majority report rests on the presumptions that an election can be held next year to set new tax bases for schools and that the voters can be convinced to raise their taxes somewhere to hike school support higher than the 35 per cent scheduled for the next two years. On the other hand, the minority report could be accomplished within existing revenues.

Color TV gone
Alton Ray Doan, Rt. 1 Box 458, Troutdale, reported to sheriff's deputies that property valued at \$1,130 was stolen from his residence Thursday, May 21.

A color television, three rifles, two saddles and a chain saw were among items missing, according to sheriff's reports.

Stereo lifted
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