

Schools Tax Adjusted

Council exempts poor from paying tax to fund schools/jobs

The Eugene City Council voted 6-2 Feb. 22 to exempt the poor from a proposed income tax for schools and job creation for the May ballot.

After months of pleas from hundreds of parents and citizens concerned that budget cuts could leave many classrooms packed with up to 50 children, schools cut to four days a week and make it difficult for the city to attract employers, the City Council referred a small income tax to voters last week.

But school funding supporters expressed immediate concern that the council had made the tax hard on the poor and harder to pass by including a tax on families living below poverty that they had never asked for.

Councilor George Brown said that taxing the poor "was deeply dissatisfying to me in that I don't think it reflected community values. I'm not exactly sure how we ended up with that product, but, thank goodness, there was a chance to correct it."

Brown worked with the city attorney and city staff to craft "a much fairer and more rational scheme, one that is progressive, one that exempts people below the poverty line," he said. "This better reflects the intentions of the proponents" of the school funding measure, he said.

At the urging of council conservatives, the original council measure was largely a flat tax and included taxing income even of extremely poor people struggling to feed and house their families. The revised version has rising rates based on the ability to pay and low income exemptions similar to the federal tax structure.

The revised tax referral exempts joint income of less than \$31,000. Between \$31,000 and \$51,000 joint income, people would pay a 0.25 percent tax on income after deductions (Oregon Taxable Income, OTI). Between \$51,000 and \$74,000 in gross income the rate would rise to 0.40 percent, 0.64 percent between \$74,000 and \$106,000 and 1.02 percent above \$106,000 in joint income. The city estimates a third of people would pay no tax, a family with joint income of \$50,000 would pay \$86 a year, joint income of \$90,000 would pay \$397 and joint income of \$250,000

would pay \$1,941. Many taxpayers may be able to deduct the city taxes on their federal return, reducing the impact by about a third.

The tax would raise approximately \$17 million for 4J and Bethel schools which face laying off up to 100 teachers, boosting already crowded classes by up to 25 percent, and cutting up to a day of school every week in response to recession budget cuts. The tax revenue is "to reduce or eliminate instructional furlough days and to reduce class size," the council resolution states.

"The one thing we all agree on up here is that we care about our schools, we care about our city's well being and we care about the future of our kids," Mayor Kitty Piercy said. "We've had many, many people from our community who asked us to step up and help," she said of the school funding measure. She said the revised tax structure "makes it more humane."

Piercy noted that ECONorthwest economists found that the school funding measure would be a boon to the local economy, potentially attracting businesses and creating hundreds of net jobs and millions of dollars in increased wages. "Investing and working on our school funding issue will pay off for our community."

Councilors George Poling and Mike Clark opposed the school funding/job creation measure.

Hilary Johnson, a leader of the grassroots group of school supporters, praised the council for improving the tax. "We're grateful," she said. "I applaud Councilor Brown for really working hard to improve these tax rates."

"We have a very grassroots-based campaign, hundreds of volunteers have signed up," she said of the effort to pass the May measure. "We're going at breakneck speed."

But local school funding supporters may face opposition from a right wing group funded by the oil billionaire Koch brothers. Posts on the website of the Oregon chapter of Americans for Prosperity indicate the group has targeted the school funding and job creating measure. Supporters of the measure plan to get their own website up at www.strongschoolseugene.org soon. **EW**

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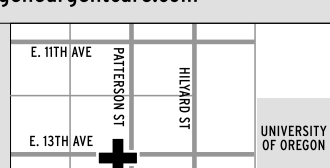

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