

Oregon's Proposed Sales Tax Facts and Figures

The people of Oregon vote next October 7th on the proposed sales tax. The Oregon State Employees Association is on record to support any tax measure which appears equitable and which will provide much-needed revenue to governmental functions without unjust burden on the taxpayer.

That the sales tax measure may be understood and judged on its merits, the writer has obtained factual data and presents it in brief form.

1. The Act provides for a three per cent tax on the gross receipts from all retail business sales, excepting (a) sales of certain tangible personal property, (b) those fuels already taxed, (c) foods sold for human consumption off the premises, (d) casual sales by persons not in regular business, (e) newsstand sales of newspapers and, (f) sales of religious literature.

2. The seller is to collect the tax from the buyer and is to pay it quarterly to the State Tax Commission.

3. Each year, in quarterly payments, the revenue, to a maximum of \$22,000,000, is to be divided as follows:

- a. One-sixth to the several counties.
- b. One-sixth to incorporated cities.
- c. One-sixth to school districts.
- d. One-sixth to the state public assistance reserve account.
- e. One-third to the general fund of the State.

4. Annual revenue in excess of \$22,000,000 is to be deposited in a "state property tax reserve account" until \$12,000,000 is accumulated and retained therein; after which event any excess is to be apportioned as given in (a), (b), (c), (d), and (e), above.

How the Revenue Is To Be Used

Assuming revenue of \$22 million a year, which the experts figure is a minimum expectation based on Oregon's present retail business, such an amount

would be subject for use as follows:

1. The \$11 million apportioned to the several counties, cities and school districts must *all* be applied by them to *reduce their property taxes*, without impairing their tax base as now limited by the State constitution.

2. The \$3 2/3 million credited to the state public assistance reserve fund is to be used to make up deficiencies in the state public assistance fund if and when *required* amounts for public assistance are not obtained from liquor revenues.

3. The \$7 1/3 million credited to the state general fund will be available for general state governmental purposes. A part of this might be necessary to offset a proposed reduction in state income tax, which is discussed below, but all of it would be available for general state governmental activities.

Revenue in excess of \$22 million per year is to be used as a state reserve fund to make up deficiencies in state funds, to help carry the state basic school fund and to thus make the levying of state property taxes improbable. If and when the reserve fund totals \$12 million, no further deposits to that fund will be made, as explained above.

Other Tax Measures Tied in to Sales Tax Act

The last legislature made three major tax measure changes directly tied in with the outcome of the vote on the sales tax measure.

The present state income tax law was changed to provide as follows:

1. If the sales tax measure is *not* passed, the personal *exemptions* are to be *reduced* effective January 1, 1947, as follows: single person from \$750 to \$500; head of family or married person from \$1,500 to \$1,000; and for each dependent, unchanged from present \$300.

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