

allowing division of income and separate returns.

Case I—With sales tax and reduced income tax—Personal exemptions would be \$2600. Taxable income would be about \$2560. (\$3,000, less \$140, less *two* standard deductions of 5 per cent each). No state income tax. Sales tax about \$32. Total tax \$32.

Case II—No sales tax and increased income tax—Personal exemptions would be \$1600. Taxable income would be about \$960 (\$3,000 less \$140, less *two* standard deductions of 5 per cent each). State income tax about \$19. No sales tax. Total tax \$19.

It is a fact that the combined sales tax and reduced state income tax will cost the average family *more* than would the alternative plan of no sales tax with increased state income tax. This is true in *all* income brackets. It is estimated that such increased costs would range about as follows for a four-person family:

Gross Income	Est. Annual Increased Cost Sales Tax Plan
\$ 1,000	\$12
2,000	21
3,000	13
4,000	8
5,000	14
7,000	22
10,000	39

Some other effects of the two alternative plans appear to be:

1. The sales tax plan would eliminate income tax payments for an increased number of people. On the other hand, it would bring into the direct tax-paying body a large group of people who now pay no direct taxes.

2. The alternative increased income tax plan (effective January 1, 1947, if the sales tax plan is defeated) would increase the number of people who would be required to file forms and pay a state income tax, and would impose a 1 per cent withholding tax on *all* wages and salaries to catch tax payments from part-time workers, transients, etc., who might otherwise evade payment.

3. The revenue to state funds for general governmental functions appears to be slightly greater via the increased income tax basis, while the revenue to the state as a whole (state, county, city and school district funds) appears to be greater via the sales tax basis.

Nearly two-thirds of all the greatest deeds ever performed by human beings—the victories in battle, the greatest books, the greatest pictures and statues—have been accomplished after the age of sixty.

—*Highways of Happiness.*

## Discussion Of Proposed Sales Tax Plan

By VIRGIL G. O'NEIL, *Director of Public Relations*

The writer claims no superior knowledge of the subject of taxes, and professes no prejudiced views on the matter. However, it seems fair to analyze the proposed sales tax measure on the bases of (1) factual data, (2) human behavior, (3) economics and (4) the general welfare of the state. The following analysis and opinions are those of the writer.

Factual data shows that county, city and school taxes now levied on property

will be reducible by about eleven million dollars a year, based on expert estimates of Oregon's current spending. This reduction in property taxes is *state-wide* and removes to large extent the present hazard of losing one's property through failure or inability to pay a property tax. The theory of property taxation is based on an ancient method, its payment is mandatory if one is to preserve his investment, and it has been the creation of many hardship cases in old