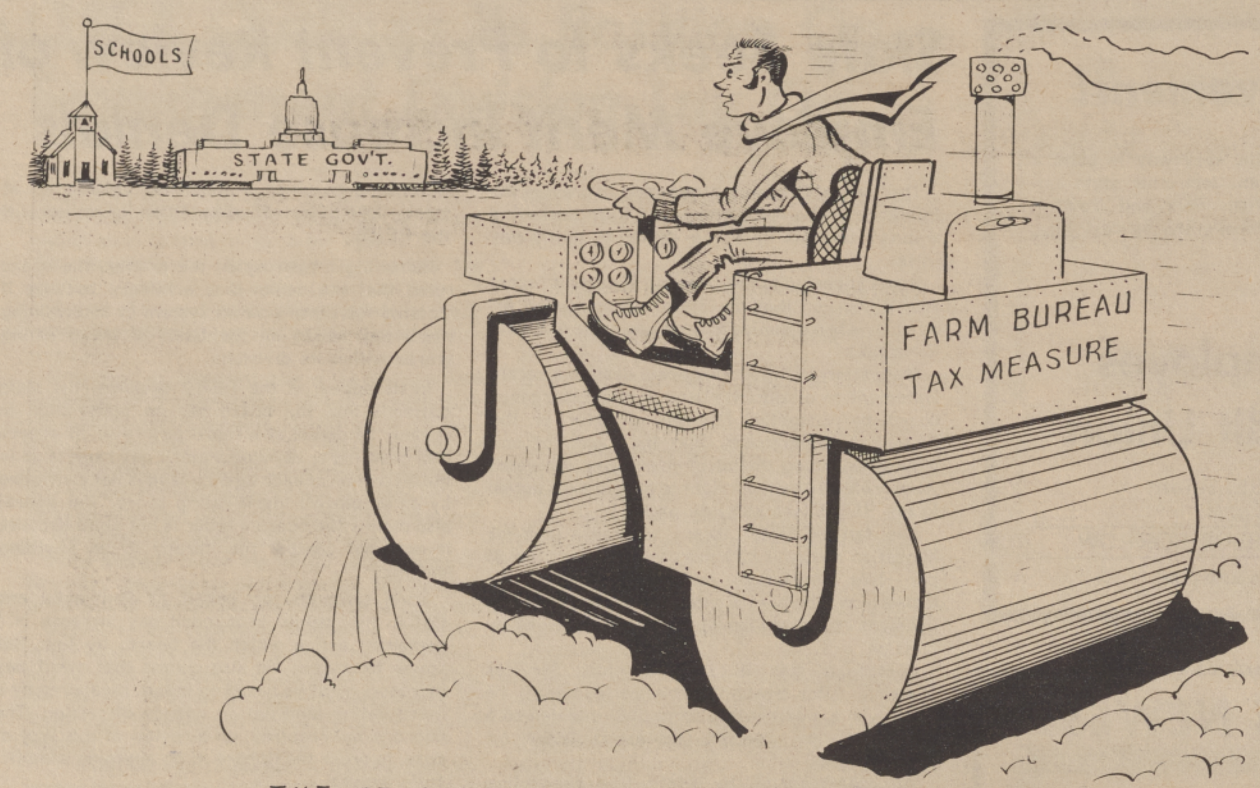

THE STEAM ROLLER APPROACH

8-12-72 N. HAYES

From the....

Executive Secretary

Another Tax Spectre

We all agree on the desirability of accentuating the positive. That is the thrust of OSEA's Program for Progress, which lists the goals we hope to achieve and can achieve in the next legislative session.

We don't like to be called upon now and again to act as a harbinger of doom, raising alarms about things which might dash our hopes. But for the past few years the state has moved from fiscal crisis to fiscal crisis, and the strong possibility of another is now upon us.

The latest threat, and one which is worse than those before it, is the Oregon Farm Bureau's proposed constitutional amendment, which will appear on the November 7 general election ballot as Ballot Measure Nine.

Measure Number Nine simply prohibits constitutionally the use of property taxes to pay the operating costs of schools. It does not provide any alternative means for operating schools without the property tax.

In an explanation prepared for the Voter's Pamphlet and signed by Howard Fuji, a Farm Bureau executive speaking for the measure's supporters; Dale Parnell, opponent; and Irvin Luten, neutral, the following statement is made:

"If the present level of elementary, high school, and community college financial support is to continue, passage of this measure will require enactment of laws to:

(1) Raise, from sources replacing the property tax, an estimated $372,000,000 for the 1973-74 school year, and

(2) Raise, from sources replacing the property tax, an estimated $398,000,00 for the 1974-75 school year."

This is a total of $770,000,000 to be raised from some source other than the property tax. Because the Farm Bureau measure leaves it up to the legislature to find funds to finance schools, it must be compared to the total state general fund revenue which was $818,000,000 for the past biennium.

It is hardly conceivable that Oregon would shut down its schools if No. 9 passes, although there would be some limit upon what the legislature could turn over to the schools for their operation. Let's assume legislators decided the schools could be run at half their present costs—that is, $385,000,000. Take that out of general fund revenues and, even allowing for a six per cent increase in state revenues in the next biennium, without new taxes we would have about $482,000,000 on which to run the state in 1973-75 as compared to the $769,000,000 general fund budget for the current biennium.

The Farm Bureau claims its intention is to force the legislature to come up with taxes other than the property tax to run schools. But the legislature cannot enact taxes of any substantial amount without a vote of approval by the people. Would the people approve a sales tax, which would have to be about 10 per cent or more to replace $770 million? Would they go for a 132 per cent surcharge on the income tax? Or any combination of raises in present taxes in an amount sufficient to raise this kind of money, or even a good share of it?

Some say a state lottery might help, but the most optimistic estimates find a lottery raising only about $10 million a year. Cigarettes, booze and other "vice taxes" could be raised, but their total possibilities would be dwarfed by the $770 million needed to be replaced.

If Measure Nine passes, it can be expected that the legislature will be in almost constant session all next year: Coming up with a proposal, then recessing while it goes to a vote of the people, then back to consider another measure, then recess for another vote, and so on. In the meantime, no state pay raises, restricted budgets, layoffs?

You may have heard otherwise, but the experts we have talked to expect Number Nine to pass. It is going to take a real campaign and a lot of public understanding to stop it.

(Address all communications to the Salem address.)

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