How does Oregon spell relief?

Passage of the Whittenberg one and one-half percent property tax limit amendment to the Oregon Constitution would have a dramatic effect on revenue for government at all levels.

Although property tax is not currently used to finance state government, the Oregon

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The OSEA Board of Directors has voted to actively oppose the Whittenberg 1½ percent property tax limitation amendment to the Oregon Constitution. The Board also authorized active participation in an organized opposition group.

OSEA Executive Director Morton Shapiro has met with leaders in business, industry and government to coordinate opposition efforts. The Board selected the OSEA Government Relations Committee to lead the membership education drive.

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Legislature is certain to be asked to provide funding to partially offset the losses at the local levels.

The following summary, prepared by the Legislative Revenue Office, shows the ramifications passage would have and describes the current sources and uses of Oregon's property taxes.

What it would do:

- Limit taxes on real property to 1-1½ percent ($15 / $1,000) of "full cash value."
- Freeze "full cash value" at 1975-76 valuation. Permit assessment increases to current value upon sale, transfer or new construction of real property after effective date of initiative. Allow an increase of up to 2 percent annually in 1975-76 valuation.
- Prohibit legislature from levying a state property tax or property transfer tax.
- Require a two-thirds vote of both houses of the legislature to increase any state tax.
- Prohibit any increase in property tax over the limitation even by popular vote.
- Require two-thirds approval of "qualified voters" for any special taxes levied by local government.

All the above provisions would become effective on July 1, 1979, except the two-third legislative vote requirement which would become effective immediately upon voter approval of initiative (November 7, 1978).

Effects it would have if currently in effect:

- Reduce local property taxes by approximately $375 million representing a 42 percent decrease in local property tax revenues.
- Decrease taxes on residences by $140 million (37 percent of the total).
- Decrease taxes on business property by $235 million (63 percent of the total).
- Provide an estimated $90 million in additional revenue for the federal government through reduced property tax deductions on personal and corporate income tax returns.
- Increase state revenue similar to the federal increase by about $8 million.

Where the money comes from:

Individuals and corporations pay some $900 million in 1977-78 Oregon property taxes. The average rate statewide is $22.42 per $1,000 true cash value. This translates to $896.80 per year in property tax for a $40,000 home. (The Whittenburg amendment would cut that to $600).

Where the money goes:

The bulk of the property tax revenue goes to education, primarily public schools which receive more than two-thirds (64.6 percent). Cities (13.9 percent) rank second, followed by counties (9.6 percent), special districts (7.4 percent), and community colleges (4.5 percent).

There are some significant differences in the way citizens are taxed in Oregon and California and the resources available to deal with cuts in local government revenue.

Below is a box score listing some of the major differences as they relate to the question of overall tax burden and funding.

OREGON	CALIFORNIA
No sales tax	6 percent state sales tax
Auto and gas taxes among lowest in nation ($56.69 per year average)	Auto and gas taxes 67 percent higher ($94.69 per year average)
Senior citizen property tax exemption	No exemption
Low income property tax exemption	No exemption
Renter relief program	No renter program
Local elections determine property tax rate	Levied at state level
No state budget surplus	$5 billion surplus

California taxpayers spoke out loud and clear in the June 6 primary election, passing Proposition 13 overwhelmingly, and Oregon taxpayers obviously got the message.

Following passage of the property tax limitation amendment in California, the "Letters to the Editor" columns of Oregon newspapers have been dominated by taxpayers and politicians sharing their opinions on the issue.

The staunchest government critics say the initiative proposal limiting property taxes to 1½ percent of full cash value is reasonable by itself and that the resultant loss of revenue will simply force government to be more frugal and efficient.

Others say that what is necessary is tax reform to shift the burden from the property tax without cutting needed government services. The OSEA News' informal survey of letters in Portland and Salem daily newspapers reveals these sentiments:

- Government is too powerful and needs limits
- Government is placing too many limits on citizens
- We should return to the basics of government, cut programs
- Local governments are not providing the services citizens are paying for
- Cut local government spending without a bailout by the state as in California
- Cutting essential services (police, fire, etc.) misses the point, cut "frills" instead
- Special session of Oregon Legislature needed
- Other proposals for property tax relief tax reform
- Federal spending unbalanced federal budget the real problem

The letters also reveal a wide difference of opinion on what government can and should do and how much service Oregonians are willing to pay for. To many, a return to less government is appealing.

A proponent of the 1½ percent limitation calls the measure a creative tool that can be used ". . . to begin a new era where government is truly by and for the people."

Property tax revolt summary

Oregon

- Paul Gann, co-sponsor of Proposition 13 in Oregon a week after passage to help petition drive here.
- State legislators talk of special session to provide alternative to Whittenberg amendment.
- Representative Al Shaw, Roseburg, links land use controls to property tax increases, calls for property tax reform
- Initiative sponsor Jim Whittenberg claims to have enough signatures to put 1½ percent limitation measure on November election ballot.
- Oregon Fire Chiefs Association opposes Whittenberg amendment.
- Portland Mayor Neil Goldschmidt recommends 30-day hiring freeze, says limitation would cut one-third of city's general fund.
- Salem Mayor Kent Aldrich estimates loss resulting from passage at between 40 and 70 percent.
- Roseburg Mayor Mike Wyatt estimates 37 percent loss.
- Bend City Manager Art Johnson estimates 40 percent loss.
- Two state legislators talk of boycott of federal taxes until federal budget is balanced.
- Gov. Bob Straub orders hiring freeze and cutback in out-of-state travel.
- Backlash continues as taxpayers reject most local government measures in June 27 elections.

California

- **LOCAL GOVERNMENTS THROUGHOUT CALIFORNIA GIVE LAYOFF NOTICES TO THOUSANDS OF EMPLOYES.**
- Los Angeles and San Diego cancel summer school.
- San Francisco cuts bus, cable car and trolley service and raises fares.
- **STATE EMPLOYE SALARIES FROZEN, welfare cost-of-living increases denied by Gov. Jerry Brown. California State Employees Association President William Craib calls the action "politically motivated," says Brown ignores needs of state employes while thinking of re-election.**
- Release of delinquent California youths announced because of funding cutback.
- Proposition 13 co-sponsor Howard Jarvis predicts national tax rebellion similar to the one in California.
- California Legislature approves Gov. Brown's $5 billion plan to bail out local governments.
- California Legislature rejects lottery and casino gambling proposals as revenue sources to pick up slack.
- Jarvis asks landlords who benefitted from Proposition 13 to pass along savings to their tenants by cutting rents.

National

- President Carter says there will be no federal help to state and local governments to replace revenue lost because of Proposition 13 or similar measures.
- The U.S. House of Representatives votes to freeze salaries for high-level federal employes including members of congress.
- The National Conference of Mayors announces support for property tax relief, rejects proposals to cut jobs or size of municipal government.
- Commerce Secretary Juanita Kreps says Proposition 13 poses threat that could destroy nation's cities.
- The director of the National Taxpayers Union calls for resignation of House Ways and Means Committee Chairman Al Ullman, D-Ore. for "unbelievable ostrich-ism," in warning congress not to over-react to the tax revolt message of Proposition 13.
- Howard Jarvis, co-sponsor of Proposition 13 takes property tax revolt message to Washington, D.C., meets with leaders of congress.
- Measure to tie state spending to gross personal income and link property tax to the cost of living gets on the ballot in Michigan.