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Enron and Oregon's Revenue Shortfall

By CHARLES SHEKETTOFF
Oregonians have good reasons to be mad at Enron. Friends and neighbors who work for Enron subsidiary Portland General Electric saw their retirement savings vanish. Moreover, PGE customers paid electric bills that covered the utility's payments to Enron for federal taxes, only to find out that Enron pocketed the money.

The recent reports that Enron failed to pay federal income taxes, and actually received payments from the IRS, should not have surprised anyone. An October 2000 report by the Institute on Taxation and Economic Policy showed that Enron was among the 24 companies of the country's 250 largest corporations who got money back from the IRS in 1998. The IRS sent Enron a check using the taxes paid by all other taxpayers, such as you!

Disclosure of these abuses can help close the loopholes. About 15 years ago, Citizens for Tax Justice reported that, from 1981 through 1985, Georgia-Pacific, U.S. Bancorp, Weyerhaeuser, and Boeing were among 41 corporations nationwide that paid no federal taxes or had negative income taxes. Federal tax reform in 1986, designed in large part by former U.S. Senator Bob Packwood, helped close many loopholes.

By 1988, all but two of the 41 freeloaders from 1981 to 1985 had to pay at least some federal income taxes. Enron teaches us that the "loophole lobby" has been busy ever since.

Regrettably, we do not know which corporations doing business in Oregon pay Oregon corporate income taxes and how much. We do know that in 1998 about half of Oregon's corporate tax collections came from only 84 out of 37,000

Does this relate to Oregon's current revenue shortfall? When businesses escape paying state income taxes, households must pick up a bigger portion of the tab for government services, even those that create a good business climate such as primary and secondary education. Oregonians need to know who are good corporate citizens - those who pay a fair share in taxes - and which corporations are escaping their responsibility

Oregon is experiencing a revenue shortfall, exacerbated by increased demands on state services due to the recession. Moreover, the 2001 Legislature passed a law changing the way multi-state corporations are taxed, giving tax cuts to a handful of large corporations. Politicians claim this is not the time to increase taxes on their friends in the business community. Yet we do not know which of their friends actually pay taxes. For all we know, businesses' claims of economic hardship and high tax burdens are as believable as Linda Lay's claim that even she and her husband, Enron executive Kenneth Lay, are now impoverished.

We know about Enron's tax mischief because the federal government requires publicly traded corporations to disclose their federal taxes. Oregonians should have access to the same information about tax payments-or the lack thereof-to Oregon. Then Oregonians can hold corporations like Enron accountable for their actions.

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Oregon needs to take on Enron and the "loophole lobby" to protect the small taxpayer who gets "soaked," while the "loophole lobby" succeeds in avoiding taxes.

corporations doing business in Oregon. But because corporations doing business in Oregon do not have to report publicly how much they paid in state income taxes, we have no way of knowing who pays and who escapes through loopholes or Enron-style accounting. Oregon's corporate taxes are "tied at the hip" to the federal tax code. Thus, the Enron news should cause concern among Oregonians.

for funding necessary government services.

Oregonians need a "Small Taxpayer Protection and Good Corporate Citizen Disclosure Act" that would require disclosure of the tax liability of Oregon's publicly traded, regulated, and large businesses. Oregon needs to take on Enron and the "loophole lobby" to protect the small taxpayer who gets "soaked," while the "loophole lobby" succeeds in avoiding taxes.

LETTER TO THE EDITOR

Legislature Needlessly Gutting the Oregon Voters Pamphlet

Dear Editor,
The Legislature adjourned without a House vote on this bill. But it looks as if there will be another special session before the end of February, so my letter to you is still relevant. I have revised the letter slightly to acknowledge the adjournment.

The Legislature had so little to do during its first Special Session of 2002, that it turned to gutting the Oregon Voters Pamphlet. SB 1007, which the Senate passed by 18-12, would remove over 90% of the arguments on ballot measures from the Pamphlet.

The expected Second Special Session will allow the House an opportunity to vote on this bill.

Voters need more information about ballot measures, not less.

Limiting each side on a ballot measure to a mere 650 words for "Yes" and 650 words for "No" (with each side having one 325-word rebuttal) is far, far too little information. It amounts to about one full page per side in the Voters Pamphlet. And the mechanism for determining the content of these arguments concentrates enormous power in the hands of the Governor and leaders of the House and Senate, who get to appoint the committee that drafts the "No" argument. If it is a measure that office holders like (such as a referral from the Legislature itself), they can appoint people unwilling to craft effective "No" arguments.

This will only increase the need for ballot measure campaigns to rely on expensive paid media and to rely on big contributors to pay for that media.

Is it a surprise that the Republicans favored this by a vote of 14-2, or that the Democrats opposed it by a vote of 10-4?

Dan Meek; 10949 S.W. 4th Avenue, Portland, OR 97219

Based on Public Response, McDonald's Out of Place in Eliot Neighborhood

Early this month, over 700 written responses arrived at Portland's Planning Department - Office of Planning and Development Review asking the office to reject the proposal to a McDonald's drive-thru restaurant in the Eliot Neighborhood. The proposed site is at 3303 NE

MLK, a block south of Fremont. It is surrounded on three sides by housing in a historic district, with all entrances and exits on residential Cook and Ivy streets.

The message was that many residents of North/Northeast Portland feel that the proposal falls short on community guide-

lines, goals that emphasize neighborhood character and pedestrian friendly development that does not enhance the historic nature of the neighborhood, and that issues of livability and public safety were not addressed. Of the livability issues, residents feel that traffic and trash will heavily impact

the neighborhood. Friends of MLK is a group of local citizens that is working to foster a vibrant neighborhood by encouraging business development that supports the goals laid out in various development plans: Albina Community Plan, the Metro 2040 Growth Plan and the

most recent Fremont/MLK Vision Study. These goals include enhancing the pedestrian environment, encouraging mixed-use development, and striving to 'raise the bar' for new developments on MLK.

Along with the 700 responses, the five area neighborhood associations: Eliot, Irvington, Boise and King, have voted to oppose the proposed McDonald's. Finally, city officials have encouraged McDonald's to thoughtfully consider the opinions of neighborhood and to work with the local community on this issue.



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