

House Tax Committee Divided Over Use of Corporation Taxes

Oregon's budget problem became even more confused tonight when the house taxation committee split over whether it should use corporation income taxes to pay state expenses.

This tax, which would raise \$38,000,000 in the next biennium, is now used only to reduce property taxes, as is the personal income tax.

Hears Witnesses
The committee heard two witnesses tonight, both attorneys for a railroad and a power company. Afterward, committee chairman Ralph Moore said "there is a sharp division of opinion in this committee" over whether to use the corporation tax receipts.

The corporation tax amounts to 8 percent of net income of a corporation.

Use of these funds was recommended by the late Gov. Earl Snell, former Gov. John Hall, and Governor Douglas McKay. Attorney General George Neuner ruled it would be legal, and Budget Director George Aiken said the money is needed to balance the state budget.

Must Find Money Somewhere
So, if the committee rejects the proposal, it would have to find the money some place else. Roy Shields, Portland, attorney for the Union Pacific railroad, said diversion of the corporation income tax would be legal.

But this was denied by Allan Smith, Portland, attorney for the Pacific Power & Light Co., who declared the money can be used only to reduce property taxes. Smith said "it would be breaking faith with the people for the legislature to divert any income taxes" to pay state expenses.

Slot Machine Drive Spreads

LA GRANDE, Feb. 2 - (AP) - The drive against slot machines has spread to Walla Walla and Union counties today.

Walla Walla County Sheriff Gilbert J. Cox ordered a stop of the slot machines which had been yielding revenue for community purposes in Enterprise and Walla Walla.

Enterprise was financing its sewer construction with slot machine revenue. The city gets 35 per cent. Walla Walla was using its share to buy fire equipment.

In Union county, where about 100 slot machines were operating, Sheriff Jess Breshers also called a halt. La Grande, however, had not been receiving any revenue from their operation.

Truman Tariff Bill Pushed

WASHINGTON, Feb. 2 - (AP) - Democrats overwhelmed republicans today to ram through a house committee, 17 to 8, a bill restoring full powers to President Truman to slash tariffs in return for trade concessions from foreign nations.

The bill, as OK'd by the ways and means committee, repeals the GOP tariff act of 1940, which restricted the president's powers. It revives, until June 12, 1951, all the authority of the old reciprocal trade law, passed under the new deal.

President Truman specifically requested the legislation.

Gas Rate Cut in Effect Feb. 10

Reduction in charges of the Portland Gas & Coke company, saving consumers an estimated \$357,057 annually, will be in effect on all meter readings after February 10. Public Utilities Commissioner George H. Flagg announced here Wednesday.

This reduction was made possible, Flagg said, because of a 25-cent decrease per barrel in the cost of gas-making oil. The reduction amounts to six cents per 1,000 cubic feet of gas.

The decrease will affect all consumers regardless of amount used and type of consumption.

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Action Due on Bids for Salem Fertilizer Plant

(Story also on page 1)

The war assets administration is expected to act on bids received for the Salem ammonium sulphate plant in two or three weeks, according to the Associated Press report of bids from Washington, D. C., Wednesday.

The local plant cost the federal government \$5,600,000. It was a wartime development in search for production of alumina from clay. This production never passed the experimental stage and converted to fertilizer manufacture.

One of the bidders, Manganese Products Co., proposes yet another process for the local plant, a leaching to recover high grade manganese oxide or dioxide from low-grade manganese ore.

Local officials of the plant here said Wednesday they are not familiar with this operation, which the Seattle firm asserts would produce ammonium sulphate as a secondary product and would require but little change in the present plant setup.

Arch W. Metzger, local manager and a vice president of Columbia Metals Corp., which has a lease on the plant until June 30, said he understood the Seattle manganese firm is a new concern which has developed its manufacturing process since the war.

Metzger is himself a bidder for the plant, along with J. O. Gallagher, president of Columbia Metals. Their bid, however, is entered as individuals.

Metzger also said he was not aware of the identity of the bidder represented by Beasley and Beasley, a Washington, D. C., attorneys and appraisers firm. Commenting on this "blind bid" which is contingent upon cancellation of the national security clause, however, Metzger said the bidder's objection might indicate he wants to dismantle the local plant and remove it from Salem. Under the security clause, this would be prohibited.

Flagg Suspend PGE Rate Boost; Hearings Planned

Rate increases proposed by Portland General Electric Co. for areas outside Salem and West Salem were suspended Wednesday by Public Utilities Commissioner George Flagg, pending public hearings on the matter.

New rate schedules filed by the Pacific Power and Light Co. also are involved in the suspension order. Combined annual revenue increases for the two firms under the new rates would amount to about \$2,300,000.

Public hearing date and place were not set.

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Blizzard Death, Crop Toll One of Worst in History

By The Associated Press
Severe weather during January in the western half of the nation caused at least 112 deaths, possibly \$50,000,000 in damage to fruit and vegetable crops and untold millions of dollars property damage, a survey showed Wednesday.

The January blizzards, bringing one of the worst mid-winters in history to western states, accounted for the principal loss.

Storm damage to personal property, transportation and communication equipment had not been determined. The livestock loss probable will not be known until spring.

Back in Washington from a tour of the blizzard-stricken areas, Assistant Army Secretary Gordon Gray said the "real danger" lies in possible new storms. Gray told newsmen state officials in Wyoming and South Dakota "are almost certain they will have some more bad weather."

Solons Urge A-Secrecy

WASHINGTON, Feb. 2 - (AP) - Two senate committee chairmen suggested today that the atomic energy commission's public reports should be cleared in advance with high U. S. military officers. Chairman Tydings (D-Md.) of the senate armed services committee pointed out that the commission's semi-annual report this week spoke of "substantial" improvement in atomic weapons. Tydings also said the report contained pictures of atomic installations that would be valuable as target guides for enemy bombers. At a session of the joint congressional atomic energy committee, legislators pointed out that some news stories of the report spoke of a "super bomb." David E. Lilienthal said the report did not use such a phrase.

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Opinion Split In Salem Over Traffic Project

(Story also on page 1.)

South Salem business men heartily dislike State Highway Engineer R. H. Baldock's plan to establish a system of one-way streets in Salem, two members of the South Salem Progress club said Wednesday.

Favorable comments of the state engineer's proposals, however, came from a north Salem business man and from Walter Musgrave, mayor of West Salem.

Baldock's plan, announced last week, briefly proposes a Williamette river bridge at Marion street, one-way traffic along South Commercial and South Liberty streets, Norway-Shipping street route for trucks, north bound traffic out Capitol street and Portland road and south-bound traffic into the city along Summer street, a one-way grid system downtown, a truck route near Lancaster drive by-passing the city, and a four-lane highway through West Salem above flood level.

Opposed to System

Clayton Jones, operator of an upholstery business on South Commercial street and chairman of the board of directors of the South Salem Progress club, and Roy Adsett, groceryman there, said the club was opposed to the one-way system—especially in south Salem.

Jones said he favored widening of South Commercial street from Mission street to city limits. This, he said, would help hold the business district near the river and prevent it from scattering into the residential district.

"South Liberty street, the other one-way street in Baldock's proposal," said Jones, "is too narrow for commercial traffic and its residential beauty would be destroyed."

accidental beauty would be destroyed."

Backs 4-Lane Traffic
"Aside from business reasons," he said, "widening of South Commercial street to permit four-lane traffic would benefit the city as a whole by giving it a good-looking southern entrance."

Baldock has said that widening of South Commercial would not be feasible because it would cost in the neighborhood of \$1,000,000. "This is nothing compared to what the cost of widening would be about 20 years from now," Jones declared. "We are not in favor of the grid-system of one-way streets at all."

Group to Visit Eugene

A group of the South Salem club members are going to Eugene Sunday, where such a one-way street program is in force, to study the situation at first hand. The program will then be discussed at a club meeting on February 17.

Stressing that he was not speaking for the North Salem Business association, Wallace Bonesteel, officer of the group, said he personally favored Baldock's plan.

"This statement is based on personal observation last summer of a number of eastern cities which do have the grid-system," Bonesteel said.

"Should Support Plan"

"This is a good plan. Salem needs it and should support it. One-way traffic, if handled correctly, need not hurt business or individuals."

"Besides," Bonesteel said, "merchants must soon realize that streets are made only to carry traffic and not to house it. They will have to follow the lead of several businesses in Salem now who are providing parking space for customers off busy streets."

Representatives of a large trucking outfit told Bonesteel recently that Salem was the "worst bottleneck for truck traffic of any city between Southern California and Canada."

No Other Choice

Regarding Baldock's proposal that no parking be allowed from

Tile road to Lang avenue along one-way (north-bound) Portland road, Bonesteel said, "this might cause some inconvenience but there seems to be no other choice."

Bonesteel said he favored the by-pass route near Lancaster drive for through traffic. He said he also favored some plan which would provide a connecting link between Silverton road and North River road (Front street) in north Salem for heavy truck traffic.

"In keeping with the amount of money which can be spent here for road improvements I believe Baldock's proposal is a good one," he said.

Newspapers in Portland Face Strike Threat

PORTLAND, Ore., Feb. 2 - (AP) - Press room crews of the Oregonian continued to work tonight on orders of the union chairman of a contract negotiation committee.

Earlier tonight, the Oregonian and the Oregon Journal announced joint negotiations for a contract had become deadlocked. A deadline for an extension of the conditions of the old contract expired at 9:30 p. m. (PST) and until the late night press crew was ordered to work it was not known whether final editions would be printed.

Ray Summers, chairman of the union's committee, advised the Oregonian at the deadline hour that "pending the scale committee's notice, the press crews will continue to work throughout the night." He did not elaborate.

The contract between the members of the AFL web pressmen's local No. 17 and the two metropolitan newspapers expired Dec. 31. It was extended until Jan. 31 and then for an additional three days.

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