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KATHRYN B. BROWN
Publisher

DANIEL WATTENBURGER
Managing Editor

JENNINE PERKINSON
Advertising Director

TIM TRAINOR
Opinion Page Editor

OUR VIEW

Two truths and a lie

TOPIC: Taxes

Good morning. You've got until 5 p.m. today to get your taxes in the mailbox, or sent along those Internet tubes to the gobbling jaws of the government.

If you are running late, be sure to see an accountant pronto, or file electronically once you have checked and double-checked your figures.

I know it's not very fun to talk taxes (unless a sizable return is headed your way), but we promise this will be less tedious than transcribing your W-2. And yes, we checked, last year at this time we wrote a Two Truths and a Lie on taxes. Add this article to 2014's and you've got the compendium: Four Truths and Two Lies.

So without further ado, here's volume two:

TRUTH: The U.S. has the highest corporate tax rate in the world.

The federal corporate tax rate in this country is 35 percent. When added to state and local taxes, it becomes the highest in the world, according to *The Washington Post*.

But, many U.S. corporations — especially those big enough to afford good lawyers — often don't pay that amount. In fact, loopholes allow companies to reduce the effective corporate tax rate to 27.1 percent, or about the same as many advanced countries, according to the Congressional Research Service.

However, corporate tax receipts account for just 1.9 percent of the U.S. economy, about half the amount of many other top economies. This is in part because of the number of limited partnerships and other tax-free businesses in the United States. Did you know less than half of business income in this country is generated by corporations subject to tax? Seems incredible right? Back in 1980, that number was roughly 80 percent.

TRUTH: Being untruthful on your tax return is a very bad idea.

In an op-ed for *Forbes* magazine titled "The truth about lying on your tax return," author Robert W. Wood says don't do it — ever.

"Making up something on your tax return is a terrible idea," wrote Wood. You might think that the IRS is just another incompetent federal bureaucracy, with tax returns getting lost behind filing cabinets and auditors throwing darts at the wall to see whose paperwork deserves further inquiry.

That's not the case. In fact, with the amount of evidence the IRS gets from banks and employers, they've got just about all your information before you file your return. That, of course, begs the question: why doesn't the U.S. save us all the trouble of calculating our own taxes? Many other countries either just send a bill or a refund, and a citizen can either accept what's handed to them or file a complaint about the government's estimation.

Until that day comes, or the country undergoes comprehensive tax reform, we're stuck with the current system. And that system is very harsh to tax cheats. Filing fraudulent income taxes is a federal crime.

"If you misstep, you may have problems even if you do not think you were 'willful,'" Wood wrote. "And if your number comes up, the consequences can be quite devastating. Willfully evading federal income taxes is a felony."

LIE: The income tax started as a big-government power play.

Last year, we noted that for nearly 100 years of American history, there was no such thing as a federal income tax.

In fact, it was that savior of the Union and American hero Abraham Lincoln who first enacted it. The money was necessary at a time when the future of the country was at stake.

Again according to *The Washington Post*, mounting deficits during the height of the war had begun to spur inflation. The banks, who were funding the Civil War, demanded action to ensure the U.S. would remain solvent in the face of mounting debt. The country's main source of revenue — tariffs — could go no higher.

The first tax was 3 percent, levied on incomes above \$600 and 5 percent for those select few who made more than \$10,000 a year. But it didn't last long. It was repealed after the Civil War and was not reinstated for good until 1895.

It was another Republican, the rotund William Howard Taft, who led the process to create the Sixteenth Amendment in 1913.

In case you don't remember high school civics class, the text of that amendment reads: "The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration."

So pay up.

Unsigned editorials are the opinion of the East Oregonian editorial board of Publisher Kathryn Brown, Managing Editor Daniel Wattenburger, and Opinion Page Editor Tim Trainor. Other columns, letters and cartoons on this page express the opinions of the authors and not necessarily that of the East Oregonian.

YOUR VIEWS

Show up and demand Requa statue at PHS

We think Fritz Hill's "viewpoint" article on Brownfield Park and the Don Requa statue was a point well made.

We suggest that the local citizens who believe Requa belongs at the school and Brownfield reserved for historical figures should attend the city council meeting on Tuesday, April 21 at 7 p.m. and let them know our citizen desires.

John Borgerson
Pendleton

Hillary Clinton has a legacy of deception

Hillary for president? Why is she allowed to even run when she is being investigated for this last issue of erasing her server?

Look at what she has done from back in the beginning and up until now. She has a history of lying, cheating, deceiving, and may be responsible for people's deaths, as well as destroying people's lives when in the White House

Larry O'Rourke
Pendleton

with Bill. Look back and see about all the boxes she lost when she left the law firm she was involved with that was being investigated for fraud.

What is the matter with people? How would anyone think she could be responsible for this country?

Mike Olson
Pendleton

BMCC tuition a bargain, and so is the May bond

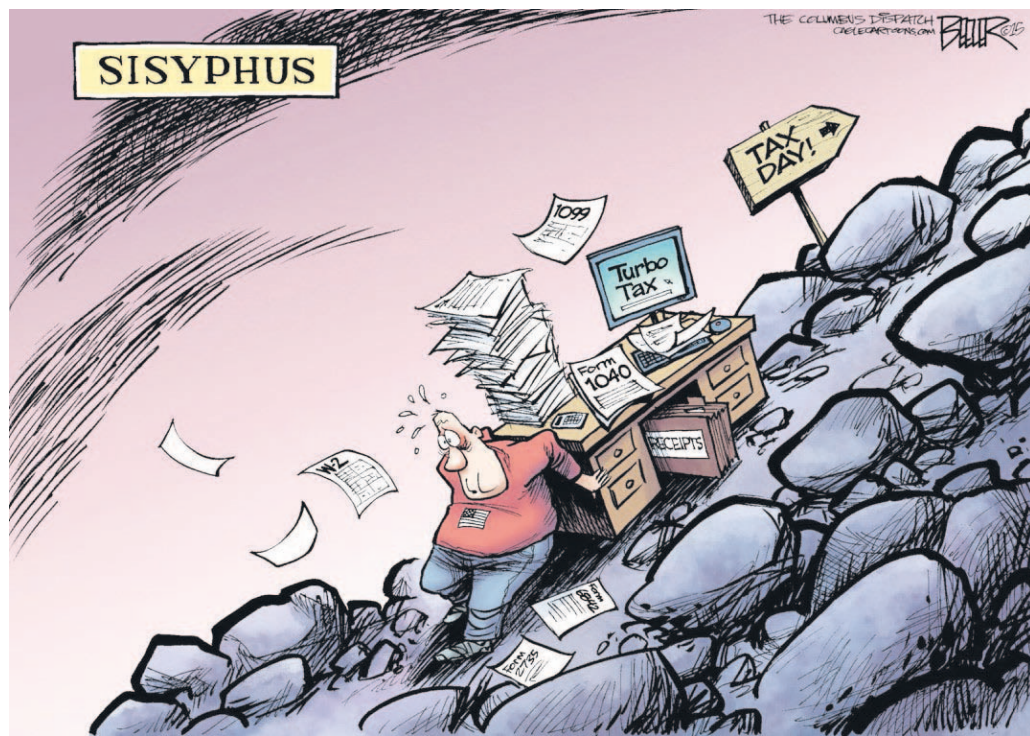
If you check tuition at the four year universities you'll find that BMCC is one heck of a bargain. If you compare instruction you'll be pleasantly surprised. If you check programs in place and those to come, you'll be delighted. A good staff, darn good admin people, good leadership — what the hell more do you want for your money?

C'mon, do yourself a favor — vote yes this go around. You can't do better than that.

Larry O'Rourke
Pendleton

LETTERS POLICY

The East Oregonian welcomes original letters of 400 words or less on public issues and public policies for publication in the newspaper and on our website. The newspaper reserves the right to withhold letters that address concerns about individual services and products or letters that infringe on the rights of private citizens. Submitted letters must be signed by the author and include the city of residence and a daytime phone number. The phone number will not be published. Unsigned letters will not be published. Send letters to Managing Editor Daniel Wattenburger, 211 S.E. Byers Ave. Pendleton, OR 97801 or email editor@eastoregonian.com.



OTHER VIEWS

Making sense of water

BERKELEY, Calif. — Almost every number used to analyze California's drought can be debated, but this can be safely said: No level of restrictions on residential use can solve the problem. The solution lies with agriculture, which consumes more than its fair share.

That doesn't mean homeowners can't and shouldn't cut back.

But according to estimates by the Public Policy Institute of California, more water was used to grow almonds in 2013 than was used by all homes and businesses in San Francisco and Los Angeles put together. Even worse, most of those almonds are then exported — which means, effectively, that we are exporting water. Unless you're the person or company making money off this deal, that's just nuts.

California produces more than 400 commodities in many different climates, so it's difficult to generalize about agriculture. Many farmers are cutting back on water use, planting geographically appropriate crops and shifting to techniques that make sense, like "dry" farming. Others, however, are mining water as they would copper: When it runs out, they'll find new ways to make money.

So the big question is not, "How do we survive the drought?" — which could well be the new normal — but, "How do we allocate water sensibly?"

California grows fruits and vegetables for everyone; that's a good thing. It would be an even better thing, however, if some of that production shifted to places like Iowa, once a leading grower of produce. That could happen again, if federal policy subsidized such crops, rather than corn, on some of that ultra-fertile land.

California also grows alfalfa (which uses more water in total than any other crop — yes, more than almonds) that then gets shipped to China. It grows lettuce in the desert, and other crops in places that make no sense. The state has also become the biggest dairy producer in the country; at least a part of that industry would work better back east, where both water and land are available.

That everyone in California needs to conserve water is a no-brainer. But a relatively small adjustment in agricultural use could make this drought look like a period of abundance. Properly managed, there is more than enough water for everything important. Improperly managed, as it has been for more than 100 years, there is a crisis.

It won't be easy to rationalize water use in the face of powerful water-dependent interests; though agriculture is a surprisingly minuscule part of the state's gross domestic product, it's a big political force. But Gov. Jerry Brown and the State Water Resources Control Board have the authority to do what it takes, as the constitution says "waste or

unreasonable use" are to be prevented.

The system is arcane, allowing some people and entities to get surface water nearly free. (This system, involving "senior," as in inherited, water rights, has never been successfully challenged.) Others, sometimes including cities, can pay 100 times more.

In most areas, groundwater for landowners is "free," as long as you can dig a well that's deep enough.

This has led to a race to the bottom: New, super-deep wells, usually drilled at great expense, are causing existing shallower wells, often owned by people with less money, to run dry.

That's more than unfair: Groundwater that's built up over a millennium is being removed too rapidly to be recharged, and in some cases the land is sinking as the water-saturated layers beneath it go dry. Those layers will most likely never be replenished, making this a form of environmental suicide.

Knowing this, Brown has announced mandatory cutbacks of an average of 25 percent in residential water use. He hasn't said much about agriculture, but he must. He needs to see this crisis as an opportunity to

rationalize the system.

Last September, Brown signed the state's first bill to manage groundwater; the most important groundwater basins are due to be "in balance" — that is, recharged at a sustainable rate — by 2040. That's probably too late.

It would be better to have a national policy preventing profit-making from public water and to encourage agriculture where it's more naturally supported by the climate. But until that happens, Brown should challenge senior water rights, strictly regulate the pumping of groundwater, and perhaps even stop irrigation entirely on lands where growing water-intensive crops makes no sense.

When I arrived here a few months ago, an old friend who moved here in the 1980s came for dinner and scolded me for my dishwashing technique: "Turn that water off; there's a drought."

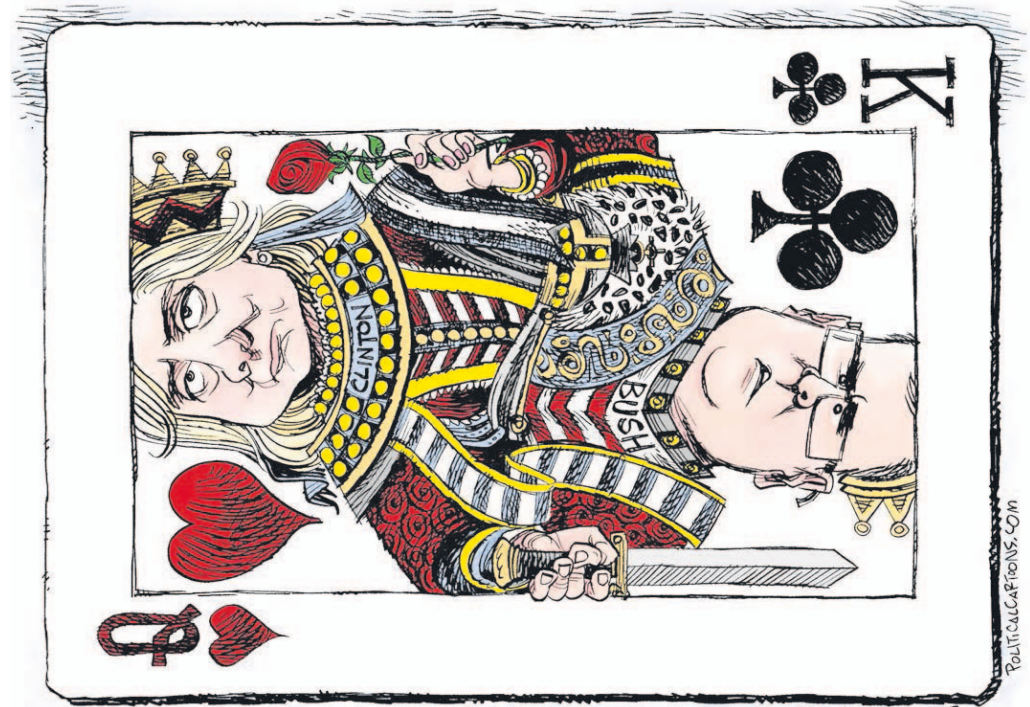
I almost pointed that my use of water was trivial compared with ... well, nearly everyone else's. But I shut up. After all, every drop really does count. Wise use and conservation — not new dams, not desalination — are the answers, and conservation means common sense should take precedence over profiteering.

Mark Bittman writes (mostly) about food for the *New York Times* Opinion pages, and is *The Magazine's* lead food columnist. He is the author of "VB6: Eat Vegan Before 6:00" and "How To Cook Everything." Follow Mark Bittman on Twitter and Facebook.



MARK BITTMAN
Comment

The big question is not how we survive the drought — which could well be the new normal — but instead how do we allocate water sensibly?



Be heard!

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