

In theory, new biz taxes could cover state budget shortfall

By **CLAIRE WITHYCOMBE**
Capital Bureau

SALEM — Certain types of state business taxes could raise enough additional revenue that match the state's projected budget shortfall of nearly \$1.8 billion, according to an analysis from Oregon's nonpartisan Legislative Revenue Office.

But those estimates come with serious caveats. They don't take into account behavioral responses in the broader economy. They also don't account for other adjustments to taxes that legislators could make in exchange for instituting a new or higher tax on business.

Those catches encapsulate the challenge of crafting the state's tax policy, a political battle that's taking shape this session.

The shortfall is the gap between

expected revenue for the upcoming two-year budget cycle and what is needed to fund state services at current levels, according to the Democratic chairs of the state legislative budget-writing committee.

Prior to the start of the session Republicans said that they'd be willing to consider revenue reform in exchange for cutting the costs of state government. One target of their ire is the state's public pension system.

Legislators on the House Revenue Committee — the chamber where revenue-raising measures have to start — spent last week and Monday reviewing different types of taxes that could, if passed, replace or alter the current business tax structure.

Some of those taxes were included in a Legislative Revenue Office analysis of estimated revenue from various types of taxes last

week, which officials were quick to say was not a policy proposal.

Revenue officers estimated that if the Legislature increased the corporate income tax rate to 20 percent, they could raise more than \$2.8 billion in the 2017-19 budget cycle.

The state's tax rate on corporate income is currently whichever is greater: a minimum tax on relative sales or 6.6 percent tax on taxable income, for companies making up to \$1 million, or 7.6 percent tax for companies making more than that, according to Business Oregon.

In the upcoming biennium, the corporate income tax, at its current rates, is projected to bring in about \$1.03 billion.

But, as Legislative Revenue Officer Paul Warner told legislators last week — in something of an understatement — a 20 percent

corporate income tax would probably result in "some feedback" from the business community.

The state's general fund is largely dependent on the income tax, which generally swings up and down with the economy. Some proponents of revenue reform claim the amount businesses contribute to the state's revenue pool is too little and has shrunk in recent decades.

Corporate income taxes are one subset of business taxes.

There's a "menu" of options available when it comes to business taxes, says Warner, and states from New Hampshire to Ohio have a different array.

Each type of tax comes with varying consequences in terms of the state's revenue volatility, administrative complexity and prices on goods and services.

The revenue office last week also presented figures last week to lawmakers on a business privilege tax and a value-added tax.

A business privilege tax is considered an excise tax and levied on the "privilege of doing business" in the state.

Under the Legislative Revenue Office's analysis, estimates of revenue that such a tax could bring in range from \$744 million to \$2.8 billion in the upcoming biennium, depending on the threshold for inclusion.

Again, those estimates don't acknowledge what consequences the institution of such a tax might have on the economy or other changes that legislators could make in combination with those changes, such as eliminating the corporate income tax.

Bill prohibits employers from firing employees who use marijuana

By **PARIS ACHEN**
Capital Bureau

SALEM — Most Oregon employers would lose the right to fire employees or deny employment to a candidate who uses marijuana during non-work hours, under a bill proposed by lawmakers on the legislative marijuana regulation committee.

The controversial legislation makes exceptions for certain industries such as truck drivers, federal contractors and jobs covered by collective bargaining agreements.

As a legal substance in the state, marijuana should be treated the same as tobacco, proponents told lawmakers during a public hearing in the Senate Judiciary Committee Tuesday.

"The goal with Senate Bill 301 is to protect other substances that are legal under Oregon law from being a cause of termination or not hiring people for a particular job," said Beth Creighton, a Portland employment attorney, who has represented clients who were fired for their marijuana use. "Currently, tobacco is protected, so if you use tobacco offsite,

employers are not permitted to fire you because of that. With the onset of legalized marijuana, marijuana should not be treated any differently."

The bill still allows employers to fire employees who come to work impaired, she noted.

"If you have somebody falling down drunk in the workplace, you don't have to keep them on duty. You don't have to keep them as an employee," Creighton said. "You can still be prohibited from coming to the work impaired on any kind of substance."

Opponents argued such a law would violate federal law on controlled substances and would be defeated in court.

Employers, including cities and counties, argued the bill also could put employers at risk of litigation. "I am not generally averse to symbolic laws that can't be enforced. Sometimes you want to make a policy statement even if it's unenforceable," said Rob Bovett, legal counsel for the Association of Oregon Counties.

However, the bill "would cost our members ... significant dollars to

litigate and defend, and ultimately, it is my strong opinion, would all be preempted (by federal law)," Bovett said. "In this case, we don't want to see a symbolic law put on the books that would not be enforceable but would cost taxpayers money."

Opponents said the bill also needs to allow businesses that involve public safety, including airline pilots, railroad engineers and schoolteachers, to prohibit employees from using marijuana on or off work.

Portland resident Heather Kell, who has a bachelor's degree in finance, said she lost a job offer after she disclosed that she was a medical marijuana patient and tested positive for THC, the psychotic element of marijuana.

"I feel that even though it's legal in the state of Oregon, it's awkward that I have to share private medical information," Kell told lawmakers during the hearing. "I could no longer work with the recruiting agency, and I did not know I would be precluded from all future employment through the recruiting agency."

Lessons learned in first Malheur trial

By **CONRAD WILSON**
Oregon Public Broadcasting

Opening statements got underway Tuesday for the trial of the second group of defendants charged in connection with the 2016 armed occupation of the Malheur National Wildlife Refuge.

Speaking at the U.S. District Courthouse in Portland, Assistant U.S. Attorney Geoff Barrow told jurors the case they were hearing was simple.

He said it was "simple" because for 41 days the employees who worked at the refuge near Burns, Oregon, weren't able to do their jobs.

Four defendants are on trial this time: Duane Ehmer, Jason Patrick, Darryl Thorn and Jake Ryan. They've been charged with felony weapons charges, and all of the defendants are accused of trespassing and other misdemeanors.

Last year, a jury acquitted Ammon Bundy and other leaders of the occupation on all federal felony charges they faced.

This second trial matters because it's the final opportunity for the government to prove their claims that laws were broken during the occupation. For the defense, it's the chance to show last fall's surprising acquittals weren't

a one-off victory.

Central to the conspiracy charge is whether the defendants taking over the refuge intended to prevent employees from doing their jobs. It is that component of the charge the government must prove if they're to prevail.

Barrow told jurors they would hear about people who aren't in the courtroom or on trial, but all the same were linked to the armed occupation.

"Your focus must remain on the men in this room and the evidence we bring against them," he said.

Barrow said the defendants "demonstrated their determination and resolve to keep the [refuge] employees from returning to work."

In his remarks, Barrow seemed to directly address issues jurors in the first trial raised about the government's failure to prove the intent of the alleged conspiracy.

Barrow told jurors the defendants haven't been charged because of their beliefs, but rather, he said, because of what they've done. He also stressed the case isn't about a constitutional right to

bear arms.

"This is a case about what the defendants did with those firearms," Barrow said, adding that they kept employees from doing their jobs.

"We will ask you to find the defendants guilty as charged," he said.

Andrew Kohlmetz, the standby counsel for defendant Patrick, said during his opening statements there was no conspiracy.

Kohlmetz told a circuitous story about the lead up to the occupation and how his client, a roofer who lost his business during the Great Recession, got involved.

"You'll hear evidence that they didn't want another Ruby Ridge, they didn't want another Waco," he said.

Kohlmetz said the case is, at least in part, about "who should decide what happens in our remote and rural counties."

"There's no conspiracy to impede these federal workers," he said.

Other defense lawyers will likely make similar comments during their opening statements before the jury Tuesday afternoon.

Corrections

The Feb. 18 article "Cascadia Day One" misspelled Alan Polan's name. The *East Oregonian* works hard to be accurate and sincerely regrets any errors. If you notice a mistake in the paper, please call 541-966-0818.

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AccuWeather.com Forecast

TODAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
Mostly cloudy	An afternoon snow shower	Mostly cloudy and cold	Cold with clouds and sun	Sun followed by clouds and cold

PENDLETON TEMPERATURE FORECAST

41°	24°	38°	23°	39°	21°	39°	23°	38°	23°
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HERMISTON TEMPERATURE FORECAST

45°	24°	41°	22°	43°	22°	43°	22°	41°	27°
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ALMANAC

PENDLETON

through 3 p.m. yesterday

TEMPERATURE	HIGH	LOW
Yesterday	41°	35°
Normals	48°	30°
Records	69° (1988)	2° (1894)

PRECIPITATION

24 hours ending 3 p.m.

0.40"

Month to date 1.81"
Normal month to date 0.86"
Year to date 3.46"
Last year to date 2.33"
Normal year to date 2.24"

HERMISTON

through 3 p.m. yesterday

TEMPERATURE	HIGH	LOW
Yesterday	42°	39°
Normals	50°	30°
Records	75° (1995)	9° (1957)

PRECIPITATION

24 hours ending 3 p.m.

0.56"

Month to date 1.55"
Normal month to date 0.72"
Year to date 3.24"
Last year to date 1.44"
Normal year to date 2.00"

SUN AND MOON

Sunrise today	6:46 a.m.
Sunset tonight	5:32 p.m.
Moonrise today	4:09 a.m.
Moonset today	1:47 p.m.

New	First	Full	Last
Feb 26	Mar 5	Mar 12	Mar 20

Shown is today's weather. Temperatures are today's highs and tonight's lows.

REGIONAL FORECAST

Coastal Oregon: Periods of rain today; chilly. Mostly cloudy tonight with spotty showers; chilly.

Eastern and Central Oregon: Cloudy today; a rain or snow shower in spots in the south and near the Cascades.

Western Washington: Mostly cloudy today with a brief shower or two.

Eastern Washington: Mostly cloudy today; a snow shower near the Idaho border and in the mountains.

Cascades: Snow today, accumulating 1-2 inches in the south and central parts and up to an inch across the north.

Northern California: A shower in spots today; however, snow showers in the interior mountains.

REGIONAL CITIES

	Today			Thu.		
	Hi	Lo	W	Hi	Lo	W
Astoria	46	32	r	46	32	c
Baker City	39	18	c	35	11	pc
Bend	36	19	sf	34	16	sf
Brookings	46	34	r	45	35	c
Burns	34	14	sf	29	7	pc
Enterprise	35	17	c	31	9	pc
Eugene	45	30	sh	45	31	c
Heppner	38	22	c	36	18	sf
Hermiston	45	24	c	41	22	s
John Day	34	19	c	30	13	sn
Klamath Falls	35	17	sf	33	15	sf
La Grande	40	21	c	35	16	c
Meacham	33	17	c	29	13	pc
Medford	45	28	r	46	28	pc
Newport	45	33	r	45	35	sh
North Bend	48	35	r	48	36	c
Ontario	41	25	c	39	20	pc
Pasco	46	24	pc	43	23	s
Pendleton	41	24	c	38	23	sf
Portland	45	32	sf	43	28	sh
Redmond	39	23	sf	37	19	sf
Salem	47	31	sh	45	30	c
Spokane	38	20	sf	35	18	pc
Ukiah	35	18	c	32	13	sh
Vancouver	48	29	sh	43	31	sh
Walla Walla	44	26	c	39	25	sf
Yakima	44	22	c	43	20	s

WORLD CITIES

	Today			Thu.		
	Hi	Lo	W	Hi	Lo	W
Beijing	49	24	s	48	26	s
Hong Kong	75	63	t	68	54	c
Jerusalem	55	41	pc	57	41	sh
London	56	49	sh	51	38	sh
Mexico City	77	47	s	78	43	s
Moscow	32	14	sn	33	30	sf
Paris	53	45	c	53	38	sh
Rome	60	48	pc	59	49	pc
Seoul	38	25	sn	35	20	pc
Sydney	82	69	s	84	69	s
Tokyo	53	49	pc	63	39	r

WINDS

(in mph)	Today	Thursday
Boardman	WSW 4-8	W 4-8
Pendleton	W 6-12	W 4-8

UV INDEX TODAY

0 1 2 1 0 0

8 a.m. 10 a.m. Noon 2 p.m. 4 p.m. 6 p.m.

0-2, Low 3-5, Moderate 6-7, High; 8-10, Very High; 11+, Extreme

The higher the AccuWeather.com UV Index™ number, the greater the need for eye and skin protection.

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NATIONAL WEATHER TODAY

Shown are noon positions of weather systems and precipitation. Temperature bands are highs for the day.

National Summary: Locally heavy showers and thunderstorms will occur from Florida to the Carolinas today. Areas of rain and mountain snow will be scattered over the West. Most other areas will be sunny and unusually warm.

Yesterday's National Extremes: (for the 48 contiguous states)
High 94° in McAllen, Texas Low -10° in Clayton Lake, Maine

NATIONAL CITIES

	Today			Thur.		
	Hi	Lo	W	Hi	Lo	W
Albuquerque	68	43	pc	59	29	pc
Atlanta	72	59	c	76	58	pc
Atlanta City	64	51	pc	65	51	s
Baltimore	66	48	pc	73	52	pc
Billings	45	26	pc	33	21	sn
Birmingham	73	57	c	76	59	pc
Boise	44	25	c	38	22	pc
Boston	52	40	pc	65	46	pc
Charleston, SC	76	58	c	78	58	pc
Charleston, WV	64	53	pc	73	55	c
Chicago	70	48	s	54		