

Committee considers dumping new tax in favor of raising existing rates

By CLAIRE WITHYCOMBE Capital Bureau

SALEM — A proposal to fundamentally change the state's business tax system appeared to take a detour Monday.

Lawmakers have been vetting a Democratic proposal for a new state corporate activities tax based on sales, but the latest proposed amendment to the bill scraps that idea in favor of increases to the existing corporate income tax.

But neither change is a sure thing.

The most recent amendment, released Monday afternoon, to the tax bill could raise \$530 million in additional revenue for the state in the next two years by doubling the corporate minimum income tax and increasing income tax rates for C-corporations.

Older — and still viable — versions of the bill would instead tax companies based on their sales in Oregon, at rates that vary depending on

the type of business. It would apply to all businesses, not just C-corporations.

Legislators have less than a month to resolve a \$1.4 billion gap between projected revenues and expenses. Combined with the expected passage of an assessment on health care providers, changes to business taxes could substantially reduce the shortfall.

But the corporate activities tax proposal has been a point of contention throughout the legislative session, and would likely be a tougher sell than increasing the existing corporate income tax.

A three-fifths majority vote is required in both chambers to pass a new tax, or change rates. Democrats have the majority in both chambers but are one vote shy of a three-fifths "supermajority," meaning, at the very least, they need one Republican on board in each chamber to pass new taxes.

Republicans have been steadfast in opposition to the corporate activities tax,

but less so to other revenue increases.

After a morning meeting in which lawmakers considered the new corporate activities tax, the Joint Committee on Tax Reform went into recess to "digest" those changes, in the words of committee co-chair Sen. Mark Hass, D-Beaverton.

They met again in the early afternoon to discuss what turned out to be a very different new amendment.

State Sen. Alan DeBoer, R-Ashland, who earlier this legislative session proposed modifications to the corporate income tax rather than a new tax, and has emerged as a possible swing vote, voiced apparent approval of the increases to the corporate income tax as outlined in the latest amendment Monday.

"I think we're certainly on the right track," DeBoer said at the conclusion of the committee's afternoon meeting.

A spokesman for Brighter Oregon, a coalition of Oregon businesses that opposes

the corporate activities tax, called the amended bill "a welcome development."

"The challenge remains that any increase in current taxes will require genuine cost containment," said Pat McCormick, spokesman for Brighter Oregon.

Amendments, in order to make it to consideration by a full chamber, have to first be approved by the committee.

In the past few weeks, some businesses, including high-tech firms, have said that they could endorse a tax that charges businesses based on Oregon sales.

That's a policy change that certain Democratic lawmakers have been pushing for years as a way to stabilize the state's revenue stream, but proved unpopular in the form of a ballot measure brought forward by union groups last November.

That measure would have taxed certain corporations on Oregon gross receipts in excess of \$25 million. It would have raised \$3 billion a year.

BRIEFLY

Oregon ethics commission resumes investigation of Kitzhaber

PORTLAND (AP) — After a break of more than two years, the Oregon Government Ethics Commission will resume its investigation into whether Cylvia Hayes used her relationship as the fiancée of former Gov. John Kitzhaber to win contracts for her green-energy consulting business.

The ethics commission suspended its preliminary review of Kitzhaber and Hayes in February 2015, when it learned a criminal investigation was under way.

The U.S. Department of Justice announced last week the pair will not face charges.

With the criminal case out of the way, the ethics investigation resumes.

Kitzhaber has maintained he did nothing wrong. He said he resigned in 2015 because the media frenzy prevented him from being an effective leader.

Oregon moves to strengthen its unique sanctuary state status

SALEM (AP) — Oregon's Legislature has taken a step closer to defying a federal government crackdown on illegal immigration, with the House passing a bill that seeks to restrict the ability of state and local agencies, including law enforcement, to inquire about a person's immigration status and prohibiting public agencies from disclosing information to federal officials except in certain circumstances.

The bill, passed Tuesday and introduced at the request of Gov. Kate Brown and Attorney General Ellen Rosenblum, has sharply divided lawmakers, with Republicans opposed and Democrats in favor.

The House Republican Office called it "an attempt to subvert federal immigration policy."

House Democrats said it "will strengthen privacy protections for vulnerable populations."

Fund to aid commercial gillnetters never tapped

By CLAIRE WITHYCOMBE Capital Bureau

SALEM — A fund that was supposed to provide commercial fishermen \$1.5 million to adjust to new regulations curtailing gillnetting in the Columbia River has never been tapped.

The Columbia River Fisheries Transition Fund, a 2013 creation of the Legislature, was supposed to set aside \$500,000 every two years to provide financial assistance to commercial gillnetters through 2019.

The money was intended to help fishermen buy replacement gear and offset economic harms due to the expected phasing out of non-tribal gillnetting in the lower main stem of the Columbia.

The money's not been used yet, and after some of it was reverted back to the general fund due to an accounting error at the Oregon Depart-

ment of Fish and Wildlife, the Legislature is now poised to do away with the last \$500,000 installment.

That leaves \$500,000, a third of the amount initially intended, and it's not immediately apparent whether commercial gillnetters will end up applying for or receiving the money.

Gillnets are hung vertically and catch fish by the gills. Their use is a source of a longstanding dispute between commercial fishermen and sports anglers.

But the issue has come to a head in recent years. These days, sportsmen have rights to most — 70 to 80 percent — of the catches in the main stem of the Columbia, depending on the season. That's a fact most commercial gillnetters resent.

Gillnets were, back in 2013, likely to be phased out of legal usage on the lower main stem of the Columbia by entities other than tribes. The

bill followed an agreement with Washington brokered by former Gov. John Kitzhaber.

But new regulations adopted by Oregon's Fish and Wildlife commission in March differ from Washington's. Oregon will allow commercial fishermen to harvest a greater share of fall chinook than Washington, for example.

Cameron Smith, acting deputy director for administration at ODFW, says an accounting error at the agency meant the first installment of \$500,000 for the transition fund was reverted back to the general fund after the 2013-15 budget biennium, which ended June 30, 2015. But that issue wasn't discovered until recently.

ODFW was supposed to move the money to the Columbia River Transition Fund, but failed to do so in time, Smith said, leading it to get automatically reverted to the general fund after the

biennium was over.

After the agency caught the error earlier this year, Smith said analysts from the Legislative Fiscal Office and the Department of Administrative Services told ODFW the \$500,000 couldn't be returned because the sum had already been included in fund balance projections.

"It was our mistake, and we had to pay for it, I guess," Smith said of the issue. "But, also, they knew that none of the funds were being used, so that, I think, was the real big driver. The funds weren't being used, hadn't been used and at that time there was no indication that they would be used."

Matt Markee, a lobbyist for Salmon For All, an association of gillnetters, processors and fish buyers, said that the \$500,000 that did make it to the fund in 2015-17 wasn't yet spent because fishermen hadn't found an adequate replacement for gillnets.

Review: No violation at immigrant's court hearing in Oregon

PORTLAND (AP) — Multnomah County Circuit Court administrators have determined that Pro Tem Judge Monica Herranz didn't violate any rules of judicial conduct when she allowed an undocumented criminal defendant to leave her courtroom through a back door as immigration agents waited in the hallway.

The Oregonian/OregonLive reports Trial Court Administrator Barbara Marville investigated Herranz's actions from Jan. 27 and found that Herranz didn't knowingly help impaired-driving defendant Diddier Pacheco-Salazar elude capture.

Marville said Herranz didn't know if the defendant was indeed in the country illegally. Rather, all she'd been told by Pacheco-Salazar's defense attorney was the defendant didn't have his immigration documentation with him and agents with U.S. Immigration and Customs Enforcement were in the hall asking various defendants of Hispanic ethnicity for their documentation.

Marville says Herranz didn't know if the agents were there to specifically arrest Pacheco-Salazar.

Corrections

The June 17 feature "The Sighting" referred to ufologist Robert Hastings as a "regular" at the annual UFO festival in McMinnville. That description applies to Peter Davenport, director of the National UFO Reporting Center.

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.

East Oregonian advertisement containing subscription rates, advertising information, and classified/legal advertising details.

AccuWeather.com Forecast advertisement featuring weather icons, temperature forecasts for Pendleton and Hermiston, and regional weather information.

REGIONAL CITIES

Table of regional cities (Astoria to Yakima) with high/low temperatures and weather conditions for today and Thursday.

WORLD CITIES

Table of world cities (Beijing to Tokyo) with high/low temperatures and weather conditions for today and Thursday.

WINDS

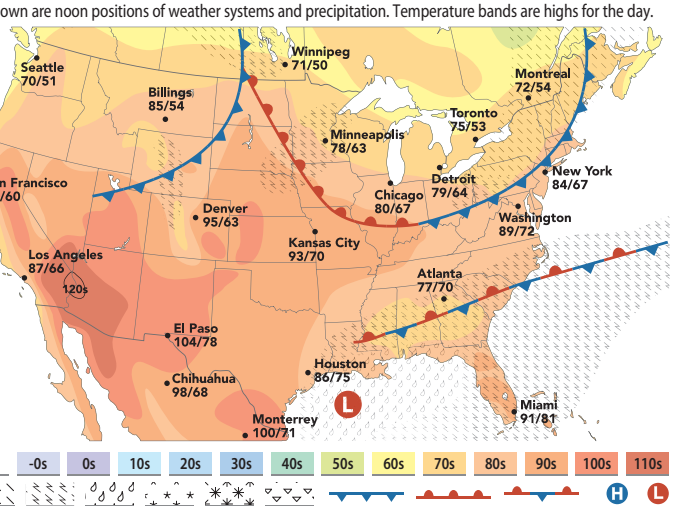
Table showing wind speeds and directions for Boardman and Pendleton today and Thursday.

UV INDEX TODAY

UV index table showing levels (2, 5, 7, 7, 5, 2) and corresponding sun icons for different times of day.

Forecasts and graphics provided by AccuWeather, Inc. ©2017

NATIONAL WEATHER TODAY



National Summary: Tropical downpours and areas of flooding will extend across the Deep South today. Showers will affect the Northeast as severe storms erupt over the northern Plains. Heat will continue in the Southwest.

Yesterday's National Extremes: (for the 48 contiguous states) High 123° in Needles, Calif. Low 34° in Dillon, Colo.

NATIONAL CITIES

Table of national cities (Albuquerque to Wichita) with high/low temperatures and weather conditions for today and Thursday.