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 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

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 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 have lawmakers 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

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 fiancee 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

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."

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 iudicial 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 Marcille investigated Herranz's actions from Jan. 27 and found that Herranz didn't knowingly help impaired-driving defendant Diddier Pacheco-Salazar elude capture.

Marcille 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.

Marcille 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.

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 Fish-

eries 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 Department 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.

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AccuWeather.com Forecast SATURDAY **FRIDAY SUNDAY** Sunshine and Partly sunny and Plenty of sunshine Mostly sunny and Sunny and beautiful beautiful pleasant very warm PENDLETON TEMPERATURE FORECAST 81° 50° 50° **52°** 90° 55° 63° 87° 50° 86° 49° 56 95° 57° 100° 58° Seattle **ALMANAC** Spokane 70/51 Wenatchee 81/53 **PENDLETON** Tacoma 72/45 through 3 p.m. yesterday Lake Pullman

Aberdeen Olympia Yakima **TEMPERATURE** 84/51 75/46 66/47 73/45 HIGH LOW 86/50 Longview Yesterday Kennewick Walla Walla 73/49 <u>Normals</u> 87/47 103° (1900) 38° (1893) Astoria 82/53 64/50 **PRECIPITATION Enterprise** 24 hours ending 3 p.m. Hermiston Pendleton 76/41 The Dalles 87/50 1.05' Month to date 81/50 Normal month to date 0.91' 83/55 Salem La Grande 10.20' Year to date 78/45 78/50 Last year to date Normal year to date 7.42' Albany Corvallis **HERMISTON** 78/47 John Day 81/50 through 3 p.m. yesterday 80/48 Ontario 🥥 Bend Eugene **TEMPERATURE** 90/57 77/47 80/44 HIGH LOW Caldwell Yesterday Burns 88/54 Normals 101° (1958) 42° (2012) Medford **PRECIPITATION** 88/55 24 hours ending 3 p.m 0.00' 0.28' Klamath Falls Normal month to date 0.45

6.59' Shown is today's weather. Temperatures are today's highs and tonight's lows. 4.64' 5.56 REGIONAL FORECAST

cloudy at the coast.

SUN AND MOON Sunrise today 5:06 a.m. Sunset tonight 8:48 p.m. Moonrise today 3:25 a.m. 5:59 p.m. Full First Last

July 8

July 16

Year to date

Normal year to date

June 23 June 30

sunny, except low clouds followed by some sun across the north. Eastern and Central Oregon: Sunny today.

Coastal Oregon: Windy today; mostly

Not as hot in the upper Treasure Valley; very Western Washington: Periods of clouds and sunshine today. Clear tonight, but partly

today. Tonight: a starry night. Plenty of sunshine tomorrow. Cascades: Sunny and pleasant today. Tonight: a starry night. Plenty of sunshine

Eastern Washington: Plenty of sunshine

Northern California: Clouds, then sun at the coast today; hot in central parts. Sunshine elsewhere.

REGIONAL CITIES

	T	oda	-	Thu.				
	Hi	Lo	W	Hi	Lo	W		
Astoria	64	50	рс	68	51	S		
Baker City	78	41	S	76	39	S		
Bend	80	44	S	79	46	S		
Brookings	74	57	S	78	58	S		
Burns	84	40	S	82	40	S		
Enterprise	76	41	S	73	40	S		
Eugene	77	47	S	82	50	S		
Heppner	80	46	S	79	45	S		
Hermiston	87	50	S	86	49	S		
John Day	80	48	S	79	48	S		
Klamath Falls	89	49	S	89	50	S		
La Grande	78	45	S	76	43	S		
Meacham	74	40	S	73	41	S		
Medford	88	55	S	94	59	S		
Newport	61	47	pc	64	49	S		
North Bend	66	53	S	68	54	S		
Ontario	90	57	S	86	53	S		
Pasco	87	49	S	85	49	S		
Pendleton	81	50	S	80	50	S		
Portland	75	52	рс	80	55	S		
Redmond	83	42	S	83	44	S		
Salem	78	50	S	82	53	S		
Spokane	78	52	S	78	52	S		
Ukiah	75	38	S	74	40	S		
Vancouver	74	50	рс	79	52	S		
Walla Walla	84	54	S	83	56	S		
Yakima	86	50	S	85	51	S		
MA	DIE			IFC				

WORLD CITIES

	T	Today					Thu.				
	Hi	Lo	W		Hi	Lo	W				
Beijing	90	70	t		74	66	t				
Hong Kong	90	83	t		90	84	t				
lerusalem	78	61	S		78	60	S				
_ondon	92	65	S		79	59	рс				
Mexico City	79	54	рс		82	53	рс				
Moscow	62	48	рс		64	48	sh				
Paris	97	67	t		97	61	рс				
Rome	82	65	S		84	65	S				
Seoul	86		рс		83	68	рс				
Sydney	65	54	рс		64	49	рс				
Гокуо	78	70	r		80	70	рс				
WINDS											

Thursday

(in mph) Today **Boardman** WSW 6-12

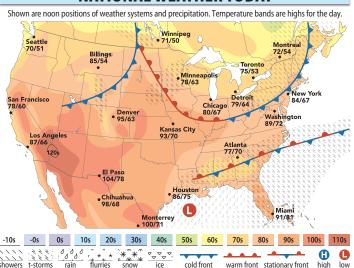
W 6-12 WNW 6-12 **UV INDEX TODAY**

8 a.m. 10 a.m. Noon 2 p.m. 4 p.m. 6 p.m. **0-2**, Low 3-5, Moderate 8-10, Very High; 11+. Extreme The higher the AccuWeather.com UV Index™ num-

Forecasts and graphics provided by AccuWeather, Inc. ©2017

5 7 7 7 5 5 2

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													
	Т	oday	,	Thur.		r.		Today		Thur.			
	Hi	Lo	W	Hi	Lo	W		Hi	Lo	W	Hi	Lo	W
Albuquerque	102	71	рс	103	70	S	Louisville	91	72	рс	86	72	р
Atlanta	77	70	рс	79	72	t	Memphis	88		рс	84	75	
Atlantic City	82		рс	81		рс	Miami	91	81	t	90	80	_
Baltimore	88		рс	91	72	рс	Milwaukee	76		рс	86	64	t
Billings	85	54	S	78	48		Minneapolis	78	63		73	56	
Birmingham	79		рс	79	75		Nashville	89	70	-	79	72	-
Boise	88	56	-	83	53	-	New Orleans	83	78	-	84	77	
Boston	82		рс	81	67	рс	New York City	84		рс	83	72	
Charleston, SC	82	72	-	87	75	-	Oklahoma City	94	67	-	91	69	
Charleston, WV	86	65		85		рс	Omaha	95	69	рс	90	62	
Chicago	80		pc	89	66		Philadelphia	87	68	pc	90	74	po
Cleveland	79		pc	90	72	рс	Phoenix	119	90	S	114	88	-
Dallas	92	74	-	89	75	рс	Portland, ME	79	57	pc	80	61	po
Denver	95		pc	91	57	-	Providence	82	61	рс	83	64	
Detroit	79		рс	88	71	-	Raleigh	83	69	pc	88	70	po
El Paso	104	78		110	83		Rapid City	89	55	рс	79	49	р
Fairbanks	72	52		75		рс	Reno	97	65		97	63	
Fargo	83	53	-	80	53	S	Sacramento	107	71	-	107	67	-
Honolulu	86		рс	85	73	рс	St. Louis	95	75	-	91	74	
Houston	86	75	-	81	, ,	r	Salt Lake City	100	68	-	90	60	
Indianapolis	86	70		86	69	рс	San Diego	79	66	pc	75	65	
Jacksonville	86	75	-	89	74	-	San Francisco	78	60	рс	83	60	
Kansas City	93	70	-	91	67	-	Seattle	70	51	pc	75	53	_
Las Vegas	116	87		115	87		Tucson	113	81	рс	109	81	
Little Rock	85	71	-	82	72		Washington, DC	89	72	рс	93	75	
Los Angeles	87	66		84		рс	Wichita	93	69	-	92	70	S

Weather (W): s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice.