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OUR VIEW

Oregon must rethink gross receipts tax plan

Oregon lawmakers want to raise an additional \$1 billion a year in taxes to pay for new initiatives to improve K-12 education.

The Legislature wants to raise a lot more money this session, despite already being on track to see revenues increase by 5%.

Its decision a few years ago to expand Medicaid has led to a \$254 million shortfall, despite a raft of taxes voters approved last year to help fund the program. A \$300 million tobacco tax hike is on tap to fill the gap.

It has voted to hold back \$108 million owed to Oregonians under the “kicker” program, which rebates money to taxpayers when receipts exceed projections by 2%. And it is proposing a carbon cap scheme that could raise as much as \$700 million while increasing the cost of fuel and everything transported by truck or train.

But one tax at a time. Under the first proposal, businesses would pay a half a percent of their gross receipts over \$1 million. Businesses would be able to deduct 25% of either labor or capital costs, which could push some businesses below the gross receipts threshold. Sales of gro-



The Oregon State Capitol in Salem.

Capital Press file photo

ceries, gasoline and diesel would not be taxed under the proposal. Supporters say about 40,000 of the state’s 460,000 businesses would be subjected to the tax. And to further help sell the plan, the proposed legislation would cut personal income tax rates for all but those in the top bracket by a quarter of a percent.

This plan is similar to the ill-fated Measure 97, an initiative petition voted down in 2016. That measure proposed Oregon’s largest tax hike ever. It would have imposed on “C” corporations an additional 2.5% tax on gross sales in Oregon exceeding \$25 million. It would have raised \$3 billion per year.

Democrats sponsoring the current proposal have obviously scaled back their ambitions. But even in its pared-down form, the proposal has the same shortcomings as Measure 97. Advocates like the gross receipts tax because they claim businesses use recognized deductions to avoid corporate income taxes. The biggest problem with a gross receipts tax is that it must be paid regardless of whether the business in question makes a profit. High-volume, low-margin businesses such as farming can get caught in the net without making a dime. The impact of the tax is cumulative, with each vendor in a supply chain adding to its price to help cover the cost. The end user of a product — a farmer with a piece of farm machinery — pays the full load without necessarily being able to pass that along. Oregon faces a lot of tough problems. The unfunded liability of the Public Employee Retirement System is a daunting burden that costs local school districts an ever-increasing share of their revenues. At the same time, test scores and graduation rates are abysmal. Lawmakers see the gross receipts tax as an easy source of big money. They need to look elsewhere.

OTHER VIEWS

The war on democracy

The demographic changes coming over the next few decades — the continuing rise of a more diverse electorate, with more liberal views than previous generations — won’t destroy the Republican Party or make it electorally insolvent. But it may make right-wing conservatism a rump ideology, backed primarily by a declining minority of older rural and exurban white voters. You can already see this taking shape. Among the youngest Republicans, 52 percent say the government should be “doing more” to solve problems, as opposed to 23 percent of Republican baby boomers. In this environment, the only way to preserve right-wing conservatism in American government is to rig the system against this new electorate. You tilt the field in favor of constituencies that still back traditional Republican conservatism in order to build a foundation for durable minority rule by those groups. In just the last week, we’ve gotten a glimpse of what this rigging looks like in practice.

Let’s start with the census dispute that’s now before the Supreme Court. The Trump administration wants to add a citizenship question to the 2020 census, asking Americans to declare their status in order to participate. The government asks a similar question in the American Community Survey, a more frequently performed survey that is given to a sampling of households. But it hasn’t asked all households the citizenship question on a decennial census since 1950. Wilbur Ross, the secretary of commerce, whose department oversees the Census Bureau, wants to bring it back and he has the authority to do so.

The citizenship question is likely to make the census less accurate. In the face of the harsh anti-immigrant policies sponsored by the Trump administration, as well as uncertainty about their own status, immigrants may not want to reveal their legal status to the government. According to an analysis from the Census Bureau itself, 5.8 percent of households with a noncitizen — or about 6.5 million people — would not respond to a census with that question on it. There’s some evidence that this outcome is the point. Kris Kobach, a Trump ally who pushed anti-immigrant policies when he was secretary of state for Kansas, was a proponent of adding the citizenship question to the census. This matters because the census determines congressional apportionment as well as the distribution of Electoral College votes. If millions of immigrants decline to answer the census, then the areas they live in will be undercounted relative to places with fewer noncitizens, which

means political power and representation will probably shift as well. A move of just a few Electoral College votes from immigrant-heavy blue states to more white and rural red states could help Republicans win the White House while yet again running behind in the popular vote. (As it stands, Republicans have lost the popular vote in six of the last seven presidential elections.) The Republican Party can maintain a hold on power without changing its priorities or making a fundamentally different appeal to the public. That said, this is an almost subtle way to rig the architecture of democracy, comparatively speaking. More recent efforts by Republican-held state legislatures to erect large barriers to voting are more explicit. Republican lawmakers in Tennessee, for example, are pushing broad new restrictions on large-scale voter-registration drives, including civil penalties for groups that unintentionally file incomplete voter-registration forms and criminal punishment for those that don’t attend state-mandated training sessions, according to the *Tennessean*.

It’s not as if Tennessee has a particular problem with registering voters. What it does have are organizing groups that successfully brought a greater number of black Americans and other people of color to the polls in 2018. In that context, this bill is a form of electoral intimidation — a direct attempt to hinder those groups. Last November, Florida voters approved a constitutional amendment to end felon disenfranchisement. Unable to stop the change, Republicans chose to put barriers to its implementation. On Wednesday, the Florida House of Representatives passed legislation that would require former felons to pay fines as part of their criminal sentence before they can vote again. It’s a poll tax. And like those under Jim Crow, it is an ostensibly neutral policy that falls hardest on black communities, which have a higher share of former felons. Americans have long struggled over the scope of voting and representation. Democracy is — and always will be — a fight. And the lines of this particular conflict are clear. Rather than try to expand our democracy or even preserve it as it stands, Republicans are fighting for a smaller, narrower one that favors their voters over all others so that their power and the interests they serve become untouchable.

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YOUR VIEWS

Your yes vote matters on Stanfield school bond

As a community member, parent and employee of Stanfield School District, I urge Stanfield residents to vote yes for the school bond in the May election. It is a win for our community, our students and our school district. To community members, your “yes” vote matters: In a small community like ours, the school is often the heartbeat of the community. We host sporting events throughout the school year for grades 6-12. These events allow our students to shine and display their talents and brings in revenue to our community. Many who attend buy snacks, food, and gas at our local Stanfield businesses. The bond will improve our facilities that will allow us to host more sporting events. Your “yes” vote matters. As a parent, your “yes” vote matters: Are you tired of your child having to practice late at night? We have three different schools and two gyms to accommodate all practice times. Your “yes” vote matters. Middle school parents: Your students need a permanent, secure learning environment. The current MS buildings were supposed to be temporary buildings. If this bond passes, a new middle school will be

added to the existing high school structure allowing all of our students to stay inside during passing times. Your “yes” vote matters. Elementary parents: The parking lot at the elementary school is small and unsafe at pick up/drop off times. If this bond passes, parking will be reconfigured with additional spaces and safe walking areas. Your “yes” vote matters. As an employee, my “yes” vote matters: This bond will update our facilities. Our current high school building is almost 40 years old and in dire need of energy efficiency and safety upgrades. If this bond passes, lead piping and asbestos would be removed, new secure entries will be added at the secondary and elementary school, additional classrooms added to the high school to allow for more classes and increased welding and shop (CTE) classrooms size. My “yes” vote matters. In addition to all of the positive impacts of the bond, our school district was awarded a matching grant of \$4 million if this bond passes. If this bond does not pass, the matching grant will go to another school district in Oregon. This is a great opportunity to bring tax dollars back to our community. Please vote “yes” on Ballot #30-129. Wendy Griffin Stanfield

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