EDITORIALS & OPINIONS

The Bulletin
AN INDEPENDENT NEWSPAPER
Heidi Wright — Publisher
Gerry O'Brien — Editor
Richard Coe — Editorial Page Editor

Decisions will change Bend neighborhoods

Rising home prices and rents in Bend are inescapable. So much growth so fast has had fallout. The prices and growth keep going up.

There are different ways to meet that challenge. They clashed Tuesday at the meeting of Bend's Neighborhood Leadership Alliance. The NLA is made up of representatives from Bend's 13 city-recognized neighborhood associations.

Some leaders of those neighborhood associations believe the city is going too fast to make code changes to allow more housing. And they are not convinced what the city plans will help. Others argue the city can't act soon enough. Bend is in a housing crisis and the city needs to move, they say. Who is right? Who is wrong? Whatever the case they are very motivated because what the city decides to do will change Bend and its neighborhoods.

Some background: The city is in the process of making code changes to comply with state law — House Bill 2001. It passed the Legislature in 2019. A quick way to understand it is with an example. In theory, a home could be torn down next to your home and a quadplex put up in its place. That might not be what you want, though unless you have existing CC&Rs (covenants, codes and restrictions) blocking that in your neighborhood, that's what the law says can happen. It could create more housing. It could change the feel of neighborhoods.

The law says cities over 25,000 in population must allow more "middle housing." Duplexes, triplexes, quadplexes, cottage clusters and townhomes can be built in areas zoned residential. Bend has until June 30, 2022, to get its code revised to allow that.

The city has limited wiggle room. It can have some design and siting requirements for middle housing "provided that the regulations do not, individually or cumulatively, discourage the development of all middle housing types permitted in the area through unreasonable costs or delay." That is not a lot of room to wiggle.

Bend has also been looking at other, related code changes, such as reducing or eliminating parking requirements citywide. That wouldn't mean builders and developers would not build any parking on a property for homes or apartment buildings. For instance, homebuyers generally want parking on their property. So that's what homebuilders build.

Put new housing types in existing neighborhoods together with reduced or eliminated parking requirements and it gets people stirred up.

Hans Jorgensen, chair of Bend's Neighborhood Leadership Alliance and representing the Awbrey Butte neighborhood, and Lisa Mushel, vice chair of the NLA and representing Century West, penned a letter calling on the city to slow down. They argue Bend has not held the kind of robust community discussion about these changes that they warrant. They point out Eugene has held more than 30 public meetings. Bend has held a mere fraction of that. There is no proof that accelerating this will create more affordable housing, Jorgensen said Tuesday.

Well that letter was tabled for now. Mayor Sally Russell popped into the Zoom meeting, urging the committee members to get more information and listen to the discussion at Monday's planning commission. Other neighborhood association members, notably Rev. Morgan Schmidt of Larkspur and Summer Shears of the Orchard District, spoke out against the letter. Schmidt said Bend is in a housing crisis and "I am not willing to pump the brakes."

Should the city slow down, seek more public comment and get more community involvement? Or should it move fast? Let the Bend City Council know what you think. Email them at council@bendoregon.gov.

Make it a fair fight for news organizations

Pictures of some of the staff at The Bulletin have been showing up on the paper's Facebook page promoting Senate Bill 673, the Journalism Competition and Preservation Act of 2021.

It's admittedly self-interest. The Bulletin would benefit. But so would other newspapers and news organizations big and small across the country. And so would you.

Want a strong and independent press? Want quality local news? Well local papers like The Bulletin are not in a fair fight. As the bipartisan group of senators and representatives backing the bill say, Facebook and Google have the edge. The behemoths control the majority of the online referrals to news sources and the majority of the online advertising market.

The bill would grant a 48-month safe harbor for news organizations to work together to negotiate with the online titans. That could lead to a fairer distribution of revenue and more quality in local news.

We know this issue is something many people don't really care about or can't get motivated to do anything about. Even Oregon Sens. Jeff Merkley and Ron Wyden, were noncommittal when we asked about their views on a similar bill a year ago. This time around Wyden's staff says he will look at it closely "if it comes to the Senate floor." Merkley's staff is gathering information so he will be ready consider it "if it comes to the Senate floor." So they are content to let local news dwindle and the tech giants thrive unless "it comes to the Senate floor."

Editorials reflect the views of The Bulletin's editorial board, Publisher Heidi Wright, Editor Gerry O'Brien and Editorial Page Editor Richard Coe. They are written by Richard Coe.

Tax corporate wealth created

GUEST COLUMN

BY RICH BELZER

One option President Biden has mentioned for funding his infrastructure proposal is raising corporate taxes from 21% to 28%. They stood at 35% until the Trump tax cuts were passed in 2017.


Belzer

The public appears to like corporate taxes much more than personal income taxes, even if the proposed increases would affect less than 1% of our population. I suppose it's because corporate taxes are supposed to get these wealthy corporations to pay their "fair share." This is highly misleading.

Corporations aren't "wealthy." They generate wealth for their employees and shareholders. Secondly, raising corporate tax rates generally motivates corporations to raise their prices in order to maintain the desired level of after-tax earnings. This works fine when they're competing in the U.S. against other U.S. companies. If they're competing overseas, it becomes problematic as they must choose between being less competitive or generating lower profits.

President Biden spoke about all of the large corporations that paid no taxes at all but he didn't mention why that was the case. Consider that when our corporate tax rate was 35%, the effective tax rate paid was 18%. To be clear, corporate taxes are on pre-tax earnings. These earnings are calculated as follows:

- Add in: Revenue, which is total sales of all products
- Subtract out: Cost of goods sold – how much it costs to make the products; expenses, the cost associated with marketing and selling the products, engineering/development of the products, the overhead of a manufacturing organization, general administrative costs like human resources and IT; other, depreciation based upon investment in facilities and capital equipment, interest expenses (less interest earned)
- Difference: Pre-tax earnings (profits)

This result is taxed at the going rate, which is currently 21%. Given that every corporation is taxed at the same rate, why was the effective rate only 18% when the corporate rate was 35%?

The answer is that over many years, Congress has provided benefits to specific industry segments, often called "loopholes," which have acted as tax rebates for companies within these segments. If all we did was simply do away with these loopholes, then the effective tax rate would be higher now (at 21%) then it was when the corporate rate was 35%.

I have a better idea. Let's stop taxing corporations at all and tax the wealth that they generate at higher rates. With much higher "after-tax" profits, corporations would have a number of options:

Lower prices in order to be more competitive worldwide.

Pay higher salaries to employees in order to reduce turnover.

Pay higher dividends, which benefits shareholders.

Buy-back shares of their stock, which increases earnings/share and drives up stock prices, also a benefit to shareholders.

How would we make up for the loss of tax revenue by eliminating corporate taxes?

In Case 2), those making higher salaries would pay increased income tax. Perhaps another bracket should be added on income over $1 million; how about 42%?

In Case 3), increased dividends get taxed as regular income.

Case 4) is unique because higher stock prices can be used by shareholders to create gains when they sell some or all of their shares. If they have held these shares for a year or more, the gains are taxed as long-term capital gains, which are capped at 20%. For example, if you earned $2 million in long-term capital gains, your tax would be $400,000 – 20% of the gains. That tax rate is the same as if you had taxable income of $295,000. This is a significant discrepancy that favors the very wealthy who could earn millions of dollars a year in long-term gains but be taxed at the same rate as someone who earned a salary and made roughly $300,000.

Raising corporate taxes makes no sense; it will merely cause an increase in prices and make American corporations less competitive.

Taxing the wealth created by corporations is a far more reasonable approach.

Rich Belzer served as director of federal marketing for a NYSE-listed computer company and was subsequently a senior executive with two NASDAQ-listed high-tech companies. He moved to Bend to join Columbia Aircraft where he became VP of worldwide sales.

Letters policy

We welcome your letters. Letters should be limited to one issue, contain no more than 250 words and include the writer's signature, phone number and address for verification. We edit letters for brevity, grammar, taste and legal reasons. We reject poetry, personal attacks, form letters, letters submitted elsewhere and those appropriate for other sections of The Bulletin. Writers are limited to one letter or guest column every 30 days.

Guest columns

Your submissions should be between 550 and 650 words; they must be signed; and they must include the writer's phone number and address for verification. We edit submissions for brevity, grammar, taste and legal reasons. We reject those submitted elsewhere. Locally submitted columns alternate with national columnists and commentaries. Writers are limited to one letter or guest column every 30 days.

How to submit

Please address your submission to either My Nickel's Worth or Guest Column and mail, fax or email it to The Bulletin. Email submissions are preferred.

Email: letters@bendbulletin.com

Write: My Nickel's Worth/Guest Column
P.O. Box 6020
Bend, OR 97708

Fax: 541-385-5804

Getting big money out of politics is a bipartisan issue

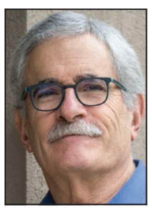
GUEST COLUMN

BY STATE SENS. JEFF GOLDEN AND TIM KNOPP

Recognizing that unrestricted contributions degrade the integrity of our democratic electoral processes, Oregon voters wisely and overwhelmingly approved Measure 107 last year to allow for sensible limits on campaign contributions. It is time for legislators to finish the job voters directed us to do and establish a campaign finance system that empowers the people and lets candidates from all parties and backgrounds compete fairly for election.

Real campaign finance reform is a bipartisan issue. Every candidate, regardless of party, wants to spend more time talking to voters than raising funds. Enacting campaign finance limits will help address the arms race in fundraising that has driven up the spending in Oregon campaigns and reduced the voice of the people in our democratic processes. Sadly, Oregon is one of only a handful of states left in our country that does not have limits on how much a person, corporation, or union can contribute to a campaign. Although we belong to different political parties, we share the belief that we can address this in a way that is fair to all candidates for public office.


Knopp


Golden

Now is the time for our Legislature to lead in this next step in electoral reform. Oregon is a national model in supporting every citizen's ability to vote. Ensuring that the choices presented to voters are driven by who can attract the most support, not the most money, will make that vote that much more meaningful. We believe in a deeper democracy where a rancher, a teacher, and social worker all have the opportunity to have their voices heard.

The ability for a small group of individuals or organizations to use unlimited amounts of money to influence our elections distorts our democratic process and saps the public's confidence in our elections. Our nation is founded on the principle of one person, one vote. How can the average citizen believe we are living up to that value when a handful of large funders can dictate the public debate? Controlling the power of money in our elections restores power to the people and empowers candidates to run on their ideas, not the special interests they can woo.

We are living in difficult times. Our politics has become more polarized and our discourse coarser. The increase in spending to influence our democratic processes and the loss of transparency in who is funding those efforts is a key contributor to those dynamics. Enacting campaign finance reform is an important step we can take to curb the influence of money and restore confidence in our democracy. Elections should be determined by how candidates can secure support and build consensus on how our state should be governed, not the ability to cater to those with the most resources to spend. It is time for the Oregon Legislature to enact meaningful campaign finance reform that provides true limits and transparency in how money is used in our elections.

Oregon is a national model in supporting every citizen's ability to vote. Ensuring that the choices presented to voters are driven by who can attract the most support, not the most money, will make that vote that much more meaningful.

State Sen. Jeff Golden is a Democrat representing Ashland. State Sen. Tim Knopp is a Republican representing Bend.