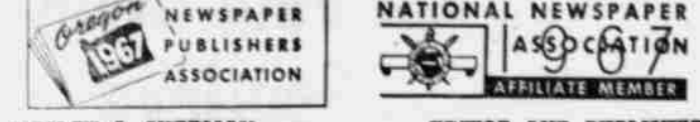


THE HEPPNER GAZETTE-TIMES

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MORROW COUNTY'S NEWSPAPER

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WESLEY A. SHERMAN EDITOR AND PUBLISHER
HELEN E. SHERMAN ASSOCIATE PUBLISHER
ROD (SPIKE) PARDEE Advertising Manager
MARION ABRAMS Society
JIM SHERMAN Pressman
ARNOLD RAYMOND Shop Foreman
REGGIE PASCAL Linotype Operator
RANDY STILLMAN Apprentice

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Join Kids in Clean-up!

Once again Heppner High school students are showing adults the way! They are going to be out in force Friday afternoon to participate in a citywide clean-up, and the town will sparkle when they are through. They invite the public at large to get out trash and debris for them to pick up on curbs. This is a fine gesture and should motivate many to clean vacant lots, take debris out of their yards and garages, and take other steps to be in the swing of spring. After all, it isn't every day that someone offers to cart your trash away for nothing. With this offer by the students, the adult population should fall to with enthusiasm, demonstrate pride in the home town, and give it a fresh look. City crews are already at work sweeping streets and doing their part. Everyone pitch in so we can show what a nice clean place Heppner is.

Sales Tax Collection Costs

The small retailer in Oregon, without much organization to act as a collective voice, tends to suffer in silence when he is in an economic pinch. He has no lobby in the legislature, and he has no legislative counsel nor public relations representative to wave the banner for his cause. With a sales tax vote looming, though, he is probably aware of some of the problems he faces if the tax should be approved, and he probably will be inclined to cast his vote against it. Consumers who buy his goods should also be aware of some of the implications that they will face. The state will have to set up a rather expensive system for its collection of the sales tax, which is only part of the cost involved. Let's look at the costs that the retailer will be required to pay. The Association of Oregon Industries has made a rather detailed study of these costs. It quotes a study made in Ohio by Ohio State University showing that retailers' cost of collecting sales taxes varies from 1.23% of the amount collected for department stores to 10.77% for food stores. Food stores have a particular burden where food and drug items are exempt in the sales tax for the simple reason that, while many food items are not taxed, dozens of items stocked in markets are taxed. For instance, when a woman brings a cart to the check stand she may have sugar, cake mix, canned goods, soap, candy bars, paper towels, a paring knife, a loaf of bread and some chewing gum in the cart. The clerk has to figure out which are taxed and which are not. The candy bars would not be taxed, nor would the towels, the knife or the gum, and probably not the soap. But can you imagine the confusion this would entail and the time it would consume in deciding? Among the costs that AOI lists, which the retailer must pay, are: Costs for sales clerk to process tax transactions on the sales floor; supervisor assistance including special handling of customers with special exemption problems; costs of training clerks in sales tax procedures; accounting costs in computing taxes, accumulating data required for returns, recording exemption data and preparing returns; costs of tax audits, special printing, special equipment costs and other items. The report points out that one major chain has estimated it will cost \$280,000 merely to adjust all its cash registers to record the sales tax. Many retailers would have to purchase new machines or convert old ones. Suppose a store has a gross volume of \$100,000 on taxable items per year (and this would be a small one). If the sales tax were 3%, the total for the year would be \$3,000. If costs to collect it were 10%, that store would have to pay \$300 additional. This means an extra sales tax cost to the owner of this business. Bear in mind that he also pays 3% on all the consumer items he buys himself. Other things to consider on how the sales tax might affect the retailer, as pointed out by the AOI: New products of a borderline nature may be considered exempt by the retailer, who may later find he is expected to pay taxes on them which he did not collect. Line of demarcation between "meal" and "food" is particularly troublesome, particularly as sold by drive-ins. Also confusing are ready-to-eat items sold in delicatessens and many supermarkets and the taxable status of dietary meals. Many retailers would find it difficult to maintain correct records of sales of taxable and exempt food commodities. Because of a tendency to overstate the exemption, they would lose sales tax revenue. Now, the state bill may provide some reimbursement on collection costs. The House proposal was to allow retailers reimbursement for their collection costs in the form of 1 1/4% discount on their first \$500,000 of tax collected per year. Thus, if a retailer had sales of \$100,000, he would collect \$3,000 in taxes, and his discount of 1 1/4% would allow him to retain \$45. This would help, but in most instances it would not come close to covering the cost to the retailer. The AOI points out that "breakage" within the tax brackets is sometimes misconstrued in trying to show that retailers "make money" on sales taxes because the tax on sales under \$1 does not always represent true 3%. "Such arguments fail to recognize that the retailer is liable for 3% on all sales, even on those below the effective taxable rate," the AOI report states. "For example, if he sells hundreds of items at 10c apiece, he would owe the state 3% on these sales even though he collected no tax. And, while the penny tax on a 15c item is substantially over 3%, it is equally true that the penny tax on a 42c item would be significantly below 3%. A retailer selling a majority of 42c items, or a majority of items priced over \$1 but below the effective 4c tax rate (\$1.14 in proposed Oregon law) would not collect the true 3% necessary to cover his liability." Many small retailers are just not in a position to cope with the nuisance and costs with which a sales tax would burden them. It would seem that their only "out" would be to raise price of merchandise enough to protect them, so the consumer might be faced with not only paying the tax but a price hike, too.

Chaff and Chatter

Wes Sherman

RESIGNATION of Dave Potter as school superintendent leaves a big spot to fill in the county school system. During the past three years he has worked unceasingly for the good of the district and for the education of children here. It has been a strenuous time, with the controversy and problems on the Riverside school and other important issues facing the district. But during Supt. Potter's relatively short time here, fine strides have been made in the district so that the post-consolidation turmoil has tempered, communities are working together and schools are evidencing excellent educational programs. During the time Potter has been in the county, the district budget has never failed to pass at its first presentation to the public. This is a credit to his sound judgment, as well as to the budget committees and the district directors. This paper has appreciated Dave Potter's fine cooperation. He has never evaded a question, never sought to suppress any information, and has gone out of his way to get information to the public. This has made our community public relations task much easier. We have admired the way he continued his arduous duties, with the great amount of traveling and the many meetings to be attended, when he was beset with the health problem that he has. He prepares to leave here a few months hence, we express the best wishes of the Morrow county community he has served. The foremost hope is that he regains full and complete health. Morrow county schools are much the better because Dave Potter served them for three years.

ONE HAWKEYE camera is either back to its Portland owner or on the way. And so, a minor diplomatic problem of the Eighth Grade tour is brought to a happy conclusion. As reported last week, one of the touring 8th graders lost his dad's camera on the tour and was feeling kind of low about it when he headed for home. He thought he left it on the bus (in fact, was sure) of it when the tour was at the Lindsay place. But Mrs. Pat (Karen) Cutsforth called after the paper was out last week to report that her children had found a camera at the end of the airstrip at the Cutsforth place. This apparently was the 8th grader's camera. Karen had read about it in Chaff and Chatter. So now, with only a strap broken and otherwise undamaged, the camera has gone back to the Matt Hughes' family couple, and they have sent it back to Portland.

HERE'S SOMETHING you just have to know: About one out of eight Americans snore. This means something like 25 million snorers, women as often as men. "The assorted hisses, gurgles, buzzes, snorts and raspings of the snoring nuisance hold the seeds for the ruination of an ostensibly happy marriage," says the American Medical Association. "Many married couples find it necessary to set up a schedule wherein one spouse tries to precede the other in sleep. Other couples proceed to separate rooms and possibly even the divorce courts." The news release suggests that if there is a chronic snorer in your family, he should go to the family physician. But it doesn't seem very confident about helping because it winds up, "If your doctor cannot help, the listener can wear earplugs, when everything else fails." The thing we can't understand is why some genius has not recorded these various hisses, gurgles, buzzes, snorts and raspings and combine them in some discordant symphony. At this time of surrealist paintings, beatnik music and aboriginal dances, a guy ought to be able to sell a million records of the result.

WHEN ALEXANDER Graham Bell patented his first crude telephone in 1876, he really started something. Now — 91 years later — the 100,000,000th telephone has been installed in the United States. Pacific Northwest Bell sends along this bit of information to commemorate the event locally: "The Heppner exchange was established in August, 1898. In November, 1962, when the 50 millionth telephone was being installed somewhere in the United States, there were 639 telephones in Heppner. At the same time, there were some 490,400 phones in Oregon. While the 100,000,000th telephone was being connected this month, the total count of phones in Heppner was approaching 1,000. The total number of phones in Oregon at the present time (PNB plus independent) is about 960,000." — And, do you know that the present G-T office was formerly the telephone exchange in Heppner? (Say, maybe that's why we keep hearing bells all day long when we get rum-dum on press day!).

THE PHONE RANG the other day, and it was John Buchner, editor of the La Grande Observer.

TO THE EDITOR...

For No New Taxes

To the Editor: Should Oregon pass the sales tax proposal which originated with the Republicans in the House of Representatives? Will we provide tax relief by raising taxes \$250 million dollars net for the upcoming two year state budget period? Should we tax consumers to provide relief to all property owners. Summaries of the various tax "plans" vary from: (1) the new-tax position, which I favor, (2) through Governor McCall's plan to raise less than \$90 million (3) to the high-tax House plan to raise \$250 million plus millions of dollars more to pay the added cost of collecting this new tax. In 1963-65 our state general fund budget was \$368 million. Just four years later—1967-69—we can spend, without new taxes \$580 million under the revised revenue estimates (Governor Hatfield estimated that \$610 million would be available last December.) With this kind of increase in existing revenues, and with only \$30 to \$40 million reduction in the increase in revenue estimates what is the purpose of a \$250 million increase? The answer is to shift taxes from one group to another, not to reduce taxes. And schools are to take the blame for this stupendous tax increase, raising yearly as much new tax money as all Oregonians currently pay to the state as personal income taxes. What an irony that would be. Back in the '63-65 budget we gave about 35% of our total state general fund "pie" to basic school support. But now, with the general fund revenue greatly increased, the Republican-controlled Ways and Means Committee proposes to put only 27% of the state's current revenue into basic school support. Since schools create the demand for more than half of the property taxes statewide, this legislature's withholding of available funds increases property taxes and invites defeat of local school elections. In addition the gross property tax relief which the average homeowner would receive by the 3% sales tax to the 10 highest property taxpayers in your county and the 14 largest in the state are shown by the tables enclosed. It seems to me that the school children of Oregon are being held hostage and the ransom is a \$250 million unneeded sales tax. Great increases in basic school support could be made without new taxes and without starving existing programs. Or \$100 of property tax relief could be given to each homeowner in Oregon. Either of these or a combination of the best features of both could be done without new taxes. Edward N. Fadely, Eugene State Senator

For Senate Bill 536

To the Editor: The citizens of Oregon, hundreds of thousands of whom are customers of First National Bank of Oregon, should be appraised of the facts about BankAmericard. Recently published criticism of the BankAmericard system paints an unfair picture. We studied various credit cards for more than seven years before deciding that First National should and could offer a program. We felt that the people of Oregon wanted this new service. The facts support our decision. Of First National's 200,000 card holders, more than 45,000 have used their cards to purchase more than \$5,000,000 worth of goods and services from Oregon businesses. Merchants in the state have benefited by an additional \$500,000 from out-of-state cardholders. The average payment by merchants is between 3 and 3.5 per cent of the gross amount charged on BankAmericard. Under the credit card program, however, the merchant eliminates the costs of maintaining a credit department. The bank pays for credit investigations, handling and billing, collections and credit losses. In addition, the merchant receives immediate cash from the bank.

What's New... From Salem

By REP. IRVIN MANN, JR.

The Senate Taxation Committee has worked steadily for several weeks on the proposed property tax limitation measure and a sales tax to fund that limitation. My personal concern with the activities of the Senate — and I think that I am not alone with this concern, among the members of the House — is that the Senate will change the right property tax limitations imposed by HJR 3. If this is done, I feel that property tax relief will be impaired, and we may not be justified in passing any kind of a tax bill for additional revenue in this session. At the same time, if these property tax limits are not adopted and a tax is not adopted to fund the local governments from the state level at this session, I am convinced that it will result in the Governor's being absolutely required to call a special session.

Salem Scene

by Everett E. Cutler

Sales Tax Vote Seen More Likely

Public disapproval of some significant school budgets being read here as still another sign that this legislature must offer citizens an opportunity to vote on a tax measure that would afford substantial real property tax relief. "The people have emphatically stated that real property taxes cannot continue to support quality education," says Sen. Harry Bolvin (D-K Falls). He is chairman of the Senate Taxation Committee, which currently is giving every detail of the House-passed sales tax proposal microscopic attention. In that bill rests much hope that lawmakers will give Oregonians the chance to vote substantial property tax relief. It is the major bill in a six-point tax reform package passed late in March by the House; it would refer a three per cent retail sales tax measure to the people and take the heat off local budgets by pouring resulting revenue into school support. Some 70 per cent of property tax dollars now support schools. It is estimated that the proposed sales tax and related bills passed by the House would reduce property taxes by about 30 per cent. Sen. Bolvin predicts voters will get the chance to vote on some alternative means of paying local government costs. He would prefer to present to the Senate a sales tax which would lower income taxes too, but there is some question as to whether there will be sufficient revenue. "Nobody has come up with a better idea yet," says the veteran Senate leader. The only other alternative that would raise enough revenue for substantial property tax relief would be a net receipts tax, but then there would be no benefit from tourists. A net receipts tax is basically one which would make income subject to state taxation from the first dollar earned. A bill containing some features of such a tax was referred to the people and voted down in 1963. Oregonians have not voted on a state sales tax since 1947. As the Senate Taxation Committee enters its second month of study on the sales tax measure, observers here are impressed by the painstaking care being shown on every detail. It is modeled after the California law, and the printed bill as approved by the House runs 95 pages long. After holding public hearings, the committee met with Edward Stetson, head of the department which administers California's long-time sales tax. For three days, they went through Oregon's proposed law section by section, coming up with some 40 areas calling for policy decisions and possible amendments. Sen. Bolvin says he hopes all policy decisions can be reached this week. His committee has begun intensive study with the State Tax Commission, legislative counsel and George Annala, committee tax consultant from Oregon Tax Research, in order to boil down controversial features of the bill.

Ponderings

Since it seems to be the vogue for every community to collect and exhibit items of pioneer use or interest, and since the early prosperity of Heppner depended on the freight wagons, I suggest that a unique way to memorialize the past would be to make a freighter outfit a symbol for the community. Why not put together a freighter's outfit of wagon and harness. Locate it where it could be easily observed by visitors. In addition to the assembly, I would suggest that each of the component parts of wagon and harness be tagged with its name. I am sure identification would be of interest and educational to many. It may take an oldtimer to furnish the names, but I like the idea. With the increased movement of people to the recreational areas south of Heppner, such a display might cause some to pause a while to display their knowledge or ignorance, as the case may be, of our early transport system. From Portland including Flatt's Truck Service PHONE 989-8420 For Fast and Dependable FREIGHT TRUCK SERVICE Daily Overnight Service Saturdays MOVING? CALL US GENE ORWICK

Salem Scene

by Everett E. Cutler

They will prepare a brief, the chairman says, so that the committee can concentrate on vital considerations during the session. Less essential matters, such as definitions, will be deferred until controversies are resolved. Sen. Bolvin indicates that whatever property tax alternative measure passes out of his committee will differ from the House version, but he declines to predict specific details or the magnitude of variation. He does favor a strict limitation on property taxes so that a sales tax would not be just another tax with local taxes creeping back up to their present level in a few years. He also wants a Constitutional provision to freeze the sales tax rate unless an increase is voted by citizens. His primary desire, however, reflected by most legislators here, is to make sure that the people have the opportunity to vote on an alternative in the near future. "There is ample evidence at last weeks budget elections that voters have reached the conclusion that property taxes are too high, and that's that," Sen. Bolvin says. "I would be willing to settle for almost anything that will give them the right to vote on a measure that would substantially reduce real property taxes, and I believe the legislature will provide that opportunity."

Riverside School Bids Due June 6

Bids on the construction of the new Riverside High school at Boardman will be received at the Morrow county school district office in Lexington until Tuesday, June 6, at 2 p.m., and the bids will be opened at 2:30 p.m. on the same day, Supt. David Potter announces. Architect Howard Leonard Glazer has been making cuts in the plan for the school by request of the district board, in the hope that bids presented by contractors will be within the \$1,484,000 allowed by the Army Corps of Engineers on a cash settlement for replacement of the existing Riverside school. Ron Daniels, who has been designated to supervise construction of the building, said Monday that if bids fall within the amount available, there is hope that the school construction can proceed at a pace to have the new building nearly enough finished to occupy by April, 1968, at which time gates of the John Day dam will be closed, and the Umatilla reservoir will rise to inundate the present location of Riverside High. When the school is finally completed, it will end nearly six years of controversy and tedious negotiation. Specifications on the proposed building may be obtained from the district school office by contractors, or from the architect in Portland.

COMMUNITY BILLBOARD

Coming Events

BAND PARENTS
Important Meeting, Thursday, May 18, 7:00 p.m.
Heppner High Library.

HEPPNER HIGH TRACK
District Meet at Burns, Saturday, May 20.
State Meet at Corvallis, May 27.

CONSERVATION TOUR
Bus leaves Fairgrounds, 9:30 a.m., Monday, May 22, returns at 3:00 p.m.
Visit to many ranches in county.
All adults invited. Sack lunch.

AUTO ROAD-E-O
Sponsored by Jaycees
Sunday, May 21, 1 p.m.
County Fairgrounds.
For boys & girls, ages 16-19.

GRADUATION CEREMONIES
Baccalaureate, May 28, 8 p.m., multipurpose room
Commencement, May 31, 8 p.m., gymnasium.

PIONEER PICNIC
Sunday, May 28, County Fair Pavilion
Registration from 10:30, potluck dinner at noon.

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