

# The Heppner GAZETTE-TIMES VIEWPOINT

## Freedom's Day: Fourth of July

Freedom's day: Fourth of July  
Wave, Old Glory  
Wave staff high  
Shouting freedom to all the world  
You were there when the flag of freedom was unfurled.  
You walked with our forefathers all the way;  
Their emblem of courage, hope and freedom, day by day;  
As you wave today,  
We pause remembering our many freedoms;  
All our hopes have come true  
So wave today from every rooftop in our land,  
And in free lands half the world away.  
Wave, banner of the free  
With you bright colors unfurled  
Proclaim freedom to all the world.

Katherine Rozelle Farrar  
for July 4, 1978

## OTHERS SAY: Oregon's tax situation is different from California's...

The initiative petition being circulated in Oregon that would limit property taxes to 1 1/2 per cent of true cash value has gained support from irate voters.

On the other side are government leaders—state, county and city—that are worried about the effects the initiative would have on operations of those government units.

Part of the concern stems from the fact that Oregon's petition is virtually the same as the one passed recently in California, although taxing methods in the two states differ dramatically—both in the collection and refunding of taxes.

The League of Oregon Cities has taken a position opposed to the petition, based on their review of the measure and the following analysis.

The proposed initiative is literally a copy of "Proposition 13—The Jarvis Amendment" recently approved in California. The initial filing of the petition with the Secretary of State's office was a photocopy of the California initiative with "Oregon" substituted for "California" and "1 1/2" substituted for "1".

The following is meant to be an initial assessment of some of the impacts that would be felt by Oregon cities and their citizens should the initiative be successful in Oregon. All estimates of impact, both fiscal and otherwise are necessarily preliminary at this point and are subject to revision as additional information is accumulated.

1. The proposal seeks to limit the maximum property tax in all areas of the state to \$15.00 per thousand "full cash value" (a term not used in Oregon but probably synonymous with true cash value) as measured by 1975 assessed

values or appraised value on later sale or new construction. So, whether 2, or 22, taxing units levy taxes on property in an area, the maximum consolidated rate levied by all the taxing units would be \$15.00 per thousand. The proposal does not prescribe how the \$15.00 will be divided among the taxing districts which means the legislature would have to make this determination.

The State Legislative Revenue Office will be preparing for the legislature an estimate of the impact of the initiative on each taxing body. For projection purposes they are prorating the \$15.00 based on the total share of 1977-78 statewide levies made by cities, counties, community colleges and school districts. On this basis the \$15.00 would be allocated as follows: cities—\$2.25, counties—\$1.50, community colleges—\$.75, and schools—\$10.50. Special districts would be excluded. This approach uses readily available information to develop timely estimates of potential fiscal impact. The legislature will, however, be presented with other allocation formulas before it makes its decision.

2. The Legislative Revenue Office has made the following preliminary assumptions:  
1977-78 property tax levies equal approximately \$900 million statewide. Average statewide property tax rate is approximately \$22.42 per \$1,000 True Cash Value.

If a 1 1/2 per cent limitation had been imposed in 1977-78, local property taxes would have been reduced approximately \$375 million (a 42 per cent decrease in local property tax revenues).

3. The taxes that cities currently levy for redemption and interest for previously

approved bonds (\$11 million in 1977-78) will not be affected by the initiative. However the proposed tax limitation applies to any taxes levied for indebtedness approved by voters after the effective date of the measure (July 1, 1979.)

The passage of "proposition 13" in California, with its effective date of July 1, 1978, has prompted the Wall Street firm of Standard and Poors, a bond rating service, to suspend its ratings of California bond issues based on property taxes as the main source of revenues. Any such limitation in Oregon would create uncertainty about the rating of bonds and affect rates of interest.

4. Revenue sharing allocations to both cities and counties from the federal government will be affected since the amount of local property tax effort is a key element in the distribution formula and Oregon would be disadvantaged relative to other states if replacement revenue does not fit into the category of "adjusted taxes".

A reduction of some \$350-400 million in local government revenues would have a further impact as local units would no longer be able to provide local matching funds to secure many federal or state grants.

In addition, direct transfer of funds to federal and state governments would occur since the rollback in property taxes is anticipated to provide about \$90 million more in income tax revenues for the federal government and about \$10 million more in income tax revenues to the state. This will

occur because of lowered property tax deductions on IRS forms. The \$100 million per year Homeowner and Renter Relief Program at the state level would possibly be severely cut back thus making more money available at the state level.

5. Local governments face certain mandates by state and federal governments in the provision of local services which must be paid for locally. These services must be funded before any local "discretionary" services are provided. State and federal mandates will still be required if the initiative passes and, accordingly, any cutbacks will probably be felt most strongly in local discretionary programs.

6. California cities operate on a rate base system rather than Oregon's tax base system for property taxes. California property taxes increased automatically with inflation and population growth without a vote of the people and, depending on local government budgets, taxes could go up at the same rate as assessed values.

Things are drastically different in Oregon. Oregon is the only state to place a limit on local government revenue through a voter approved tax base. Because of the 6 per cent constitutional limit on the growth of the tax base, growth in assessed values has very little direct or proportional impact on the amount of money local governments will automatically receive.

No city may levy property taxes without a vote of the

people. Cities may either have a voter approved tax base (which because of the voter approved constitutional limit may only grow by 6 per cent per year), or rely on annual budget elections for operating levies. Many cities with tax bases that have not kept pace with inflation or population growth rely on both a tax base and an annual operating levy.

It is interesting to note that almost half (47 per cent) of the taxes affected if the limitation were placed on 1977-78 property taxes were the result of annual, voter approved, levies, outside previously approved tax bases.

7. The following is a comparison of taxes in Oregon and California as reported by the U.S. Bureau of Census for 1976-77:

Tax	California	Oregon
Sales Tax	6.5 per cent	—
Property Tax Per Capita	\$415.23	\$332.93
Property Tax Per \$1,000 of Income	64.13	58.74
Property Tax by per cent of Real Market Value	3.5 per cent	2.22 per cent
State Income Tax Per Capita	137.44	202.73
State Income Tax per \$1,000 of Income	21.33	35.77
Combined State Income & Property Tax Per Capita	552.67	535.66

Oregon, through the Homeowner-Renter Property Tax Relief program returns about \$100 million a year as property tax refunds to middle and low income homeowners and renters. The Oregon tax structure has been defined as the most progressive (i.e. relating tax burden to ability to pay) in the nation.

California has a \$5 billion plus surplus of state funds with which to cushion the impact of the "Jarvis Amendment" on affected local governments. According to state officials in Oregon there will likely be very little state surplus at the end of this biennium. In addition, California cities receive 1 per cent of the state's sales tax.

8. Tax Break for Houses or Industry?

The Oregon Homeowner's Association is assisting in collecting signatures to place the initiative on the ballot. It is their position that taxes on

homes should pay for police and fire protection, streets, sewer, water and utilities but not necessarily schools which should be funded by the legislature.

While the lowering of property taxes should make homeownership more attractive there is concern that the homeowner in the long run will be hurt. A provision in the initiative provides that the fair market value of property may only rise a maximum of 2 per cent a year. However the initiative also allows both property that is sold and new construction to be placed on the tax rolls at full value. Since residential property changes hands more than business or industrial property there is likely to be a significant shift, over time, towards residential property assuming a greater proportion of property taxes. The current division between residential and business-related property taxes is:

Owner occupied residential property	36 percent
Rental residential property	11
Farm residential property	1
Total residential property	48 percent
Timber land	4 percent
Non-residential agricultural land	9
Industrial manufacturing plants	14
Utility owned property	8
Other business property	17
Total other property	52 percent

The immediate effect of a rollback would be to benefit business property more than residential property. The Legislative Revenue Office sug-

gests that for 1977-78, residential homeowners would receive approximately a \$140 million property tax decrease (37 per cent of the total), and

## Sifting through the TIMES

Twenty years ago in Heppner, what may have been Oregon's last runaway horse and buggy incident took place on Main Street.

Heppner Slaughterhouse owner Harold Johnston had tied up his antique horse-drawn rig in front of Bucknum's Tavern, when a playful bystander unhitched the lines from the horse, which soon became frightened and ran down the street.

Johnston stayed with the buggy for about a block, before deciding discretion was the better part of valor, then bailed out, landing in the sitting position on Main Street.

The horse galloped four blocks before the buggy crashed into a parked car. There, the horse broke its rigging, and calmly took to grazing on grass in the yard around Dr. Wolff's office.

That same week in 1958, Glenn Ford and Jack Lemmon were featured in "Cowboy" at the Star Theater.

The entire two-man Heppner police force was fired 25 years ago this week, following an incident in which a local man, Paul Doherty, was shot in the foot by one of the officers.

That same week in 1953, construction work started on the school swimming pool at Ione, and Marine Private John Wagner of Heppner was finishing boot camp at Camp Pendleton, Calif.

World War I was a strong influence on day-to-day life in Morrow County 60 years ago this week. County teachers and schoolchildren had purchased a total of \$12,500 worth of war bonds. Patterson & Son's Rexall store was featuring "Uncle Sam Sundaes" at the soda counter, as well as selling khaki sets, first aid and sewing kits and trench mirrors to departing Morrow County servicemen.

This week 60 years ago, nine local men received a reception in their honor at the Palace Hotel, prior to their departure for Army training at American Lake, Wash. Leaving for the war were William Hayes, Homer Frank and Herbert Haguewood, all of Ione; George Clark and LeRoy Yardley, both of Lexington; Thomas Ingrum of Hardman, and T.L. Stanliff, William Chapel and Floyd Cobb, all of Heppner.

T.E. Peterson of Eightmile was offering a \$20 reward for the return of his missing 10-year-old black mule, "which left my place about March 14."

The Heppner City Council had just passed an ordinance making it illegal for any physically fit man in Heppner "to remain idle" during the war effort. Under the new law, all men were required to work at least 36 hours a week "at some useful service" or be subject to a \$50 fine and 25-day jail term.

Ten years ago this week, the Morrow County School Board pared its proposed budget by \$50,000 in its third attempt at passage. The ballot for the budget's second attempt at passage actually ended up three votes in the affirmative, but five votes were disqualified on technicalities, making the third levy attempt necessary.

A total of six teaching positions were eliminated by the time the third levy attempt was put to voters.

Five years ago in Heppner, the city council began deliberations towards approving plans for building 30 new homes in the Valley View Estates subdivision.

business would receive approximately \$235 million in reductions (63 per cent of the total). In addition, individuals already pay a great share of Oregon income taxes than corporations and business. The most recent estimate of state income tax collections for the 1977-79 biennium anticipates an 86 per cent of total

collections will be generated from individuals and 14 per cent from business and corporate income taxes. Information from California indicates that nearly \$3 billion of the \$7 billion property tax reduction created by passage of the Jarvis Amendment will go to out-of-state property owners.

### PICTURE CREDIT

After you're here awhile...you get a desk tool That appeared to be the case for Jerry Healy of Morrow County Abstract and Title Co., this week as the firm began moving into their new building on Main Street. The office furniture hadn't arrived yet... Uncle Harry isn't really that tough on Jerry.

## Letters Policy

ALL LETTERS of general interest are welcomed, providing they are in good taste and not libelous.

250 WORDS IS about the maximum length we can accept, however, if you need more space, please use it.

ALL LETTERS MUST be signed to be considered. If you wish to have your name withheld—for good cause—we will do so after contacting you for an explanation.

## Community Sponsored By

BILLBOARD

Call

676-9228

June 15  
Methodist Youth Fellowship, 7:30 p.m., United Methodist Church

June 17  
Morrow County Rodeo Queen's Coronation, 7:30 p.m., fairgrounds. Coronation dance, 9 p.m. to 1 a.m.  
Heppner swimming pool opens 1 p.m.

June 18  
Elks picnic, 11 a.m. Cuts-forth Park

RAY BOYCE INSURANCE

228 N. Main St. Heppner 676-9225

June 19

Morrow County School Board, 8 p.m. Lexington office Babe Ruth League baseball, Morrow County vs Stanfield, 7 p.m., Ione

Chamber of Commerce, noon, West of Willow

June 20

Summer reading program for children begins at Ione City Library, 2-4 p.m. Story hour starts 3 p.m.

Babe Ruth Baseball, Morrow County vs. Inland Empire, 7 p.m., Ione.



# THE GAZETTE-TIMES

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