

Tax Findings, Recommendations, Given in Report of Chamber Legislative Committee

Following is the text of the tax study report of the legislative committee of the Jackson County Chamber of Commerce. It was adopted by unanimous vote of the committee at a Tuesday night meeting, and was to be submitted to the chamber board of directors at noon today.

The report: To the Board of Directors: SCOPE OF INQUIRY

Over a period of four months, your legislative committee has studied the assessment, fiscal and taxing procedures of the local units of government in Jackson county. It also gave careful consideration to the relative merits of the present state taxing procedures, including the income tax and a sales tax as producers of state income. It considered the proposed amendment to the state constitution which would permit the legislature to attach an emergency clause to a tax bill to prevent its being delayed through referendum proceedings. It studied the practices and policies of local units of government to determine needs for improvement and new legislation.

The committee consulted with representatives from the principal taxing units in the county and many of the smaller ones, to become familiar with their problems. State Tax Commissioner Sam Stewart, Salem, explained the state's part in local assessment procedure.

The committee is grateful to those who appeared for giving so much of their time to this public service. Reports and file material of the many local subdivisions of government were used as well as material issued by the state tax commission, the bureau of municipal research and service of the University of Oregon, and the legislative committee of the Portland, Oregon, Chamber of Commerce.

GENERAL FINDINGS

1. Some of the operational and taxing problems facing the local subdivisions have arisen by reason of rapid growth, the multiplicity of taxing units and demand for more governmental services. Defective or outmoded laws have added to these problems.

2. Jackson county school districts thus far have had little trouble in getting extra tax levies approved by the people, but cities often find their requests voted down.

3. The two new schools recently opened in Medford gave School District 49 a "surplus" capacity, but this is expected to vanish by 1957-58 and by 1961-62 it is estimated the school system will have 1,158 more students than it will be able to handle according to state standards unless further classrooms are built. This means continued increase in school costs. The Ashland school board finds that it must construct an average of three classrooms per year. The number of teachers of School District 6C of Central Point increased from 29 in 1950-51 to 83 in 1955-56, and five more will be needed in 1956-57.

4. Subdivisions and fringe area developments are posing major problems to local governments as respects zoning, sanitation and water supply. As an example of the impact of such growth, the number of water users in the Medford Irrigation district has increased rapidly. The district's water assessments are now \$14 per acre per year, the highest in the state.

5. To retain its maximum taxing power under the 6 per cent tax limitation in the state constitution, the county imposed a property tax in 1955-56 almost double that of the year before, although there is some doubt whether it was necessary to resort to a tax levy at all, in view of the large balances on hand and the volume of O and C

money anticipated.

6. There is inadequate public information provided regarding the source and purpose of monies handled by the county through some of its independent funds, especially the sinking fund for improvements and equipment.

7. A careful analysis indicates that the sharp increase in real property taxes in Jackson county for 1955-56 was due not only to an expansion in budgets of local taxing units, but also to an inadvertent error in assessing real property at 25 per cent of market value instead of 25 per cent of true cash value (70 per cent of market value). For example, a \$10,000 property (market value), instead of being assessed at 25 per cent of 70 per cent of market value, or \$1,750, was assessed at 25 per cent of \$10,000, or \$2,500. This resulted in real property carrying a disproportionate share of the overall tax load. This error will obviously not be repeated, and correction of the assessment ratios in 1956-57 will prevent the error from being continued into that year.

8. There is considerable real and personal property in the county that is grossly over or under assessed, and some has been concealed from the assessors which should be on the tax rolls. The personal property tax set-up is particularly involved and difficult to administer. The county assessor's office does not have adequate personnel to insure careful and equitable assessment.

9. The Oregon constitution limits the tax imposed by cities, towns, counties and school districts to the highest amount levied in any one of the preceding three years, plus 6 per cent additional, except as approved by the voters. A limitation of this type has no relation whatever to the needs of a community, particularly if the region is exhibiting growth of any significance. As a result, Medford and its school district, as well as many other taxing units throughout the state, are constantly compelled to go to the trouble and expense of calling special elections to vote on extra levies. What is worse, those subdivisions whose tax needs are below the 6 per cent limit feel it necessary to levy more than they need at times in order to retain their maximum taxing power. Levies in excess of needs are not conducive to economical operations. The purpose of a tax limit is to restrict levies to minimum needs, yet here is an instance where it has the opposite effect. A limitation based on property values would correct this situation and also allow an expansion in tax revenues while a community is growing and require a contraction in case of a decline.

RECOMMENDATIONS

1. We recommend the repeal of the 6 per cent constitutional limitation and the adoption of a limitation on tax levies based on a percentage of market values averaged over a period of years.

2. We recommend a change in the law pertaining to publication of budgetary estimates to provide that comparisons with the tax levies and other revenues of past years be included. The law as it stands requires year-by-year comparisons of expenditures only, and consequently the taxpayer has no way of knowing to what extent the proposed budget will call for higher or lower taxes.

3. We recommend an increase in the number of qualified personnel in the county assessor's office. Equitable distribution of the tax burden among all classes of property is one of the basic foundations of good local government and it cannot be achieved without an adequate force of well qualified, conscientious assessors. Proper field work should bring enough concealed property onto the tax rolls to more than offset the added costs.

4. We recommend legislation to create a tax supervisory and conservation commission in counties of more than 50,000 population, to have authority over all taxing bodies within such counties. An active and alert commission of this type in Jackson county would prevent any sharp increases in tax levies by coordinating the needs of the overlapping units of government, and could have a restraining effect on undue expansion of local budgets.

5. We recommend creation of a municipal finance bureau in the state tax commission to receive and keep on file periodic financial reports of all counties, cities, towns, school districts and other taxing units for the purpose of studying trends in local government and for other research purposes.

6. We recommend a state sales tax with food and medicine exempted, the proceeds to go into the state general fund; repeal of the 45 per cent surtax on incomes; and consideration of the elimination of any tax on incomes of less than \$5,000 per year. We recommend that capital gains and depreciation schedules conform to federal tax practices.

7. We recommend a law which

would require the county to make a budget report on its sinking fund for improvements and equipment, showing the ex-

penditures for the previous three years, the expenditures for the first half of the current year, the budget for the current year, and the estimates of the balances in the funds as of the beginning of the ensuing tax year.

8. We recommend that a broad and careful statewide study be undertaken of the advantages and disadvantages of eliminating the personal property tax, and of possible substitutes.

9. We recommend to Oregon's

voters that they approve the proposed constitutional amendment to permit an emergency clause to be attached to tax legislation, to prevent its being delayed through referendum proceedings.

Portland—(U.P.)—A jury of six men and six women was chosen yesterday to hear the murder trial of Wey Him Fong, accused in the 1954 death of 16-year-old Diane Hank.

Nation Warned To Repair Tax Structure

Portland—(U.P.)—The nation must repair its "unfair" tax structure or it will not be able to continue its growth and meet a demand for 20,000,000 new jobs by 1975, Cola G. Parker, the president of the National Association of Manufacturers, said yesterday.

Parker, a native of Monroe, Wis., is on a tour of the West to

tell of the NAM's plan for tax reform. It would establish a top tax rate of 35 per cent on individual and corporate taxes. Loss of revenue would be made up through increased business made possible by release of risk capital.

Dead line Sunday Classified is at noon Saturday 10 a.m. Monday for Monday; other days 5:30 previous day.

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75 Only	Ladies' Better Nylon Tricot Slips with Nylon Lace Trim . . . Sizes 34-44 . . . What Value	2.00
50 Only	Much Better Plastic Purses . . . Good Spring Colors . . . Out They Go!	+ tax 1.50
40 Only	Men's Better Broadcloth Pajamas . . . B and C only . . . Many Patterns . . . Check This Price	1.50
120 Only	Rayon Panels . . . White Only . . . A Terrific Buy for the Home . . . Full Length	Now .77
50 Only	Men's Better Cotton Sweat Shirts . . . Sizes 36 and 38 Only . . . Stock Up Now	.66
150 Only	Boys' Better Briefs and "T" Shirts . . . Broken Size . . . Cut to the Bone	4 for 1.00
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72 Pair	Men's Better Cotton Socks . . . All Sizes . . . Many Patterns . . . What a Value!	3 pr. 1.00
100 Only	Men's Gingham Plaid Sport Shirts . . . Long Sleeves . . . Sizes S-M-L . . . To Clear	1.88
70 Pair	Women's Better Sport and Casual Shoes . . . Broken Sizes, Colors . . . Slashed to the Bone	2.50
12 Only	Men's Heavy Twill Shop Coats . . . Long Wearing . . . Hurry In for This One	3.77
36 Only	Boys' Better Wool Coat Sweaters . . . Sizes 6-10 . . . A Terrific Value at	1.50
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144 Pair	Men's Better Nylon Stretch Hose . . . All Sizes . . . Stock Up Now	2 pair 1.00
34 Only	Men's Much, Much Better All Wool Suits . . . Sizes 36-44 . . . Reg., Longs . . . Special	37.88
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