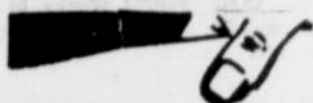




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New Jersey Tax Expert Makes Recommendations for Possible New Tax Income for Next Year

Oregon has gone about as far as it can go with its present tax structure and spending programs if it expects to maintain a favorable tax position with competitive states.

This is the conclusion of Dr. John F. Sly, New Jersey tax expert, in his final report to Governor Holmes and the Advisory Committee of the State Department of Planning and Development on the state's fiscal situation.

At the state tax level, Dr. Sly says Oregon must choose from new excise taxes, new bases in its income taxes, a consumers sales tax, or a combination of these for any additional revenues. And he makes these suggestions for possible new tax revenue for the 1959-61 biennium:

1. A cigarette tax of four cents a package to raise \$14,000,000.
2. A real estate transfer tax at one per cent to raise \$8,000,000.
3. A one per cent alternative gross income tax within the present personal income tax to raise \$7,000,000.
4. A 1 1/2 per cent annual tax on the market value of passenger cars.
5. A 2 per cent Washington-type consumers sales tax, if new expenditures in excess of \$50,000,000 from the general fund are anticipated.

Purpose of the report, called for by the Governor, was Dr. Sly says "to suggest ways and means of adjusting the Oregon tax structure toward a more effective development of the economic life of the state."

To improve Oregon's business and investment climate, Dr. Sly suggested changes in tax structures and policies so the state would have:

1. No personal tax on capital gains if the asset is held longer than one year.
2. No tax on manufacturers' inventories.
3. No property tax on industrial buildings during the period of construction.
4. A reasonable inheritance tax.
5. An established state-wide property reappraisal program.
6. A state-wide uniform assessment ratio.
7. Responsible restrictions on voting local excess levies and bond issues.

First, Dr. Sly says, "If Oregon is to maintain a favorable tax position with competitive states, it must accept, for the time being, a restraint on spending programs; a restraint on additional revenues from its present income levies; and a restraint on expenditures from its property tax bases."

"Oregon's increase in state and local taxes has outpaced its increase in income," Dr. Sly asserts. The state is not now in a good position

to undertake a heavy expenditure program and the fiscal expert cautions Oregon "to go slow on large tax and expenditure programs until your economic base shows increasing strength."

Two changes in the personal income tax law are suggested, one to attract capital and one to raise revenue. The removal of the tax on personal capital gains from income taxation if the asset is held longer than one year is suggested, or as an alternative, the treatment of capital gains in a manner similar to that of the federal income tax, that is, a tax at one-half the normal rates. A 1 per cent alternative tax on the adjusted gross income of individuals is put forward as a revenue-raising measure that will be less of a restraint on Oregon's economy and less of a burden on people in the lower income brackets than a consumer sales tax. It is based on the principle that "every employed person should pay something—even a small amount."

The report discusses at length Oregon's problems in inheritance and timber taxation. Insofar as timber taxation is concerned, Dr. Sly suggests a continuation of the present approach of the State Tax Commission, that is, placing the ad valorem property tax in order. To switch to another tax base for timber would require too drastic adjustments at the present time. The Legislative Tax Study Committee has studied the matter of inheritance taxes in great detail, and proposed a series of recommendations. Dr. Sly concurs in these recommendations.

The exemption of the manufacturers' inventories and industrial buildings under construction from the property tax, are suggested as steps to improve Oregon's attractiveness for industry. The tax consultant feels that the economic burden of these exemptions should fall equitably on all remaining property owners. In other words, no replacement taxes are recommended. While praising the present reappraisal program and urging its increased support, Dr. Sly emphasizes that "concurrent with the removal of inventories from the property tax base, there should be an increased effort toward greater equality in property tax assessments."

"In addition to revenue problems, the report makes two recommendations in the property tax field. The first is a state-wide uniform assessment ratio (possibly 40 percent) to replace the present policy of county-determined assessment ratios. "While



"DON'T JUST STAND THERE! GO HOME AND CHECK YOUR OWN FIRE HAZARDS."

GATES

Mrs. H. N. Wilson

The young folks group of the Gates Community Church held a dress rehearsal of their Christmas play on Sunday afternoon at the church. The Christmas Program will be presented Sunday evening, Dec. 21st at 7:30 P. M., and the title of the play is "Star of Wonder". All friends and families of the church are invited to attend, but please note this program will be presented at the Gates school. The Sunday School will present a Christmas Program at 10:00 A. M., Dec. 21st, in the church.

Mrs. Velma Carey was a dinner guest at the home of her son Donald Carey and family in Stayton on Wednesday evening, the occasion being her grandson Jon's 8th birthday.

Harvey Kanoff, who is an employee of the City Park system in Salem, called on the Ned Richards home on

theoretically," says Dr. Sly, "a state-wide uniform ratio carries no guaranteed protection within itself, it has a reassuring effect on the taxpayer. To be able to say to business entering Oregon: "Wherever you go within this State your assessment base will be the same ratio to true cash value" will carry some promise of uniform treatment.

The second is concerned with voting restrictions on excess levies and bond issues. Pointing out that the "6 per cent tax limitation amendment had not limited to the extent its sponsors anticipated," it is recommended that reasonable restrictions (beyond the present requirement of a majority of those voting) be placed upon the authorization of excess levies and bond issues. It is suggested that the Washington practice of requiring the approval of three-fifths of the votes at a special election at which the total votes cast must exceed a stated percent (40 or 50 percent) of those voting at the preceding general election, be considered.

Dr. Sly, who has made tax reports for many other states, was retained for this study by the State Department of Planning and Development. His first report on "The Economy We Live In and the Taxes We Pay" was released in July; and the second report, "The Present and Potential Tax Structure of Oregon," was published in September. Dr. Sly will appear before a joint session of the Legislature early in January at a meeting sponsored by the Department of Planning and Development to discuss the Final Report.

Sunday. Kanoff had just recently been released from Salem Memorial Hospital after a week's stay following surgery.

Mrs. Percy Mulligan who was recently injured in a car accident in California, is again at her home in Hermosa Beach, but under the care of a doctor for an injured back, and may have to be placed in a cast if it doesn't respond to treatment.

At a meeting of the Gates Volunteer Firemen on Dec. 9th, Jerry Rosamond was voted Cub Scout Master, and Don McWhirk for Den Father. Mrs. Jerry Rosamond is Den Mother this year, and Robert Blumenstein acts as sponsors representative. The Volunteer Firemen are sponsors of the Scout group this year. The Firemen's Auxiliary are operating the Little Budget & Exchange Shop and has aided 4 families.

Mr. and Mrs. Jerry Larson and small daughter were house-guests over the weekend of his grandmother, Mrs. Walter Brisbin, and returned to Moses Lake, Wm.

Mr. and Mrs. Frank Brown and Mrs. Mildred Agee all of Portland, were Sunday guests of Mr. and Mrs. L. L. Rynearson and family.

Floyd Swain has returned from a weeks trip to Wheatland, Wyoming, where he was called by the death of his father, W. C. Swain, 75, with burial services later at Nampa, Ida.

Mr. and Mrs. Ned Richards this week. The Taylors are longtime friends, and former Mill City folks.

Visitors last week at the home of Mr. and Mrs. Ned Richards were Mrs. Don Teeters and Walter Bevier, both of Mehama, and an oldtime friend, Clarence Reed of Silverton.

Mr. and Mrs. Garnold Norris and daughter Sandra Norris, and Mr. and Mrs. Earle Henness of Beaverton, spent Sunday at the home of Earle's parents, Mr. and Mrs. Glenn Henness.

Mrs. Floyd Volkel's father, A. M. Boynton, who has been a patient at Veterans Hospital in Portland for several weeks, returned here last weekend to be with his wife and daughter. He is reportedly much improved in health considering his 90 years.

A former Gates resident, Mrs. Leah Ratzeburg of Vale, Oregon was a house-guest of longtime friends, Mr. and Mrs. Glenn Henness.

Mr. and Mrs. Robert Levon and daughter Lori Susan, drove to Salem Friday and enjoyed "dinner out", in celebration of their fifteenth wedding anniversary.

At the Little Budget & Exchange Shop, sponsored by the Firemen's Auxiliary, there was a new supply of good usable clothing on Friday, and the very low charge (10c and 35c) on so many items will certainly help anyone's budget. The ladies gift wrapped a nice number of Christmas presents to be distributed later. The shop will be open every Friday P. M. from 1:00 to 4:00 o'clock, in the library of the High School building, and the interest and support of surrounding communities is hoped for.

That old, wet, soggy Thursday had us thinking of going to Alaska to hibernate with the Eskimos, and eat bulber even!—but with several days of sunshine everything seems tip-top, and it's time to hurry-hurry and get ready again for that visiting firemen in the red suit with the thick white whiskers!

James Carey recently took a training course in the use of plastic materials while in Pittsburgh, Pa., which will be used in a Stayton project.

Mr. and Mrs. A. T. Barnhardt and daughter Marcia, Mr. and Mrs. David Barnhardt and daughters, Melody, Debra and Lisa gathered at the G. C. Barnhardt home Saturday evening in honor of G. C.'s 75th birthday.

News has just been received of the birth of a 7 pound 2 ounce son to Mr. and Mrs. Ben Wrigglesworth of Aberdeen, Wash. The young fellow has been named Craig Allen, and arrived December 6. His father was born and raised in Gates.

On Sunday afternoon, at the Marion hotel in Salem, Mrs. Beulah Bowes and Mrs. Bonita Myers, of Elkhorn, became charter members of the Alpha Delta Chapter of Delta Kappa Gamma, an honorary society for women in education. Mrs. Myers

Mehama Presbyterian Church Has Pot Luck Supper and Meeting

MEHAMA—A pot luck supper and congregational meeting was held at the Mehama Community Presbyterian Church on Thursday evening, December 11. The chief business of the meeting was the adoption of the budget for the next year.

The Church Christmas party will be held at the church Saturday evening, December 20, at 8:00 o'clock. The Junior Choir will make its first appearance and the Rev. Mr. Clyde Freeman will give a special Christmas program.

A Christmas Eve Candlelight Communion Service will begin at 7:30 at the Church Dec. 24. The Lyons Community Methodist Church will join with the Mehama Church for this service.

MEHAMA

By Mrs. John Teeters

Mrs. Keith Phillips entered Santiam Memorial Hospital a week ago Sunday where she underwent surgery. She returned to her home the following Wednesday.

Mr. and Mrs. H. W. McCarley returned home the last of the week from Montana where they visited their son and daughters families, Mr. and Mrs. Leon McCarley and children and the Jim Sanford family.

A2C and Mrs. Richrad Garland left Sunday morning for Montana, where Mr. Garland is stationed at Malmstrom A. F. B. The Garlands spent most of a twenty day leave here visiting Mrs. Garlands parents the Tom Rices and with relatives and friends in Stayton.

Mr. and Mrs. Ed Castle, Mrs. Pearl Alloway and Craig Cooper were in Portland Sunday where they had dinner and visited friends and Mrs. Alloways brother and wife, Mr. and Mrs. Elmer Cummins.

Mr. and Mrs. Charles Crook went to Salem Sunday to get Mr. Crooks mother, Mrs. Eva Crook who had spent last week in Portland. The Leo Crooks of Portland brought her as far as Salem.

Mr. and Mrs. Bob Smith and family of Vancouver, Wash., were Sunday guests at the Grant Smith home. They brought Mr. Smith's mother, Mrs. Clara Smith with them and she will visit here for a time.

Mr. and Mrs. Julius Tietze and Mrs. Jim Richmond and daughters were in Corvallis on business Wednesday of last week.

The Girl Scouts of troop 34 visited Santiam Memorial Hospital Wednesday, December 3 when they took scrap books they had made and were taken on a tour of the hospital. The Scout troop and the Pots and Pans 4H club girls both made door swags at their meetings last week. The swags were used as decorations at their Saturday night dance and many of them will be distributed later to shut ins and older people of the community.

Mrs. Lily Wolfkiel was hostess for a morning coffee at her home Wednesday, December 10. The Coffee honored the birthday anniversary of Mrs. Raymond Branch, Mrs. Wolfkiel had displayed around the rooms a large number of Christmas decorations she has made during the past few weeks.

Mrs. Gerald Branch was hostess at her home Tuesday afternoon December 9 for a party honoring her son, Bobby on his 3rd birthday anniversary. The children enjoyed games, and the usual birthday favor and a beautiful birthday cake made in the shape of a train. Present besides the honor guest were Chris and Sandra Hampton, Herbie and Kurt Carpenter and Jackie Hampton. Mrs. Raymond Branch, Mrs. Herbert Hampton and Mrs. Hugh Hampton were also present for the afternoon.

The Julius Tietze home was the scene of a family dinner Sunday honoring Mr. Tietze's birthday. Present for the dinner were Mr. and Mrs. Bert Bailey and family of Springfield, Mr. and Mrs. Orville Downing of Lyons, Mr. and Mrs. Jim Richmond and daughters and Mr. and Mrs. Tietze.

and Mrs. Bowes have transferred their membership from Phi chapter in Portland.

Mr. and Mrs. Joseph Bowes were in Portland Saturday, and Mr. Bowes presented a check from the Santiam Shrine club to the Shriners, at their December convention, for use at the Shrine hospital. Later the Bowes were dinner guests of Miss Virginia Surface, at her home.

Mr. and Mrs. William Pennick and two children drove to Astoria recently to visit her uncle, Lionel K. Colgan, who was hospitalized there. They were accompanied by Mrs. Pennick's uncle and aunt, Mr. and Mrs. Elmer Currie of Salem.

The Gates Camp Fire and Cub Scout groups have been selling their Christmas door swags, greens, and kissing balls. More will be ready for a house to house delivery this week end. Prices are nominal and the young folks are doing a grand job.

School Notes
C. V. (Vic) Herron killed a fox last Saturday night. It was about a yard long, and was gray, white, black and orange. He killed it between the Pennick and Kelle ranches.

The librarians of the Gates school have been busy fixing up the library for the Christmas holidays. They are Carol Stevens and Patsy Morton, and helping is Linda Parker. All are in the sixth grade.



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