Funds Snarl Points to Special Legislature

By PAUL W. HARVEY JR

SALEM (AP) — A special session of the Oregon legislature next fall looks like a good possibility. Gov. Douglas McKay, a staunch foe of special sessions, admits it might be needed.

It's too early to estimate the size of the state's budget deficit for the 1953-55 biennium, but the legislaure's tax experts think it will be around 40 million dollars.

Deputy State Treasurer Fred H. Paulus, who for many years has been one of the state's top financial brains, brought up the special session idea Monday before the Legislature Interim Tax Committee.

Committee members agree that the Paulus proposal has a lot of merit.

The state's financial problem is complicated enormously by the fact that the legislature can't pass a tax bill with an emergency clause on it.

Bills with emergency clauses go into effect immediately, and thus can't be referred to the people. But tax bills always are subject to referendum, and there's the rub.

Suppose the 1953 legislature voted 40 millions in new taxes to balance the budget. Then, after the end of the 1953 session, referendum petitions would be signed, delaying the tax until the general election in November, 1954.

During 1953 and 1954, this tax couldn't be collected, and the state would go broke. Oregon would have to issue warrants like it did in 1933. Its credit, not very good now because of the state's rapidly increasing debt, would be worthless.

But Paulus' idea of a special session would get around that. It would let the 1953 legislature know exactly where it would stand.

The Legislative Interim Tax Committee would draft a tax bill, and it would be submitted to the special session. By September, the amount needed would be known.

This tax bill would be passed at the special session, and then be submitted to the people at a special election in November or December.

If the people approved the new tax, then the 1953 legislature could continue spending on the present scale.

But if the people defeated it, then the lawmakers would whack the state budget down by 40 millions, or whatever is needed.

It's true that the legislature could make up any deficit by having a state property tax for the first time in 20 years. But the legislators think that property already is soaked enough by local taxes. Also, the people probably will pass a bill next November to limit any state property tax to only 6 mills.

Where could the budget be cut? talking, it looks like the schools would suffer from any big budget cut.

Of the state's total budget, education gets 50.8 per cent. This includes 35.3 per cent for public schools, and 15.5 per cent for the state university and colleges.

Public welfare gets 17.5 per cent, and state institutions 11.3 per cent. All other state appropriations total only 20.4 per cent of the budget.

The legislative tax authorities feel that the only place where any big reduction can be made is in that 35.3 per cent for public schools which is the state's basic school aid to local districts.

If that school help is reduced or eliminated, it would put the burden of paying school costs back on the local districts, which would mean higher local property taxes.

However, there are a few rays of hope, such as the fact that income tax collections are higher, and that the people might vote the cigaret tax of 2 cents a package in November.

But there are other gloomy signs, too. Increased federal income tax rates probably will reduce this year's income tax collections, because federal taxes are deducted from Oregon tax returns. Another gloomy sign is inflation, which keeps state government costs mounting rapidly.

As far as getting a new tax is concerned, the legislators think that only a sales tax would bring in the large amount of money that is needed.

Sales tax proposals, fought bitterly by labor and farm groups, have been swamped several times by the people.

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LET THE CHIPS FALL — Newbold Morris, Republican named by the administration to clean up government corruption, swings the ax at his Sharon, Conn., home. He promises to let the chips fall where they may.

Senator Sees Korean Muffs

SPOKANE (AP) — Sen. Hickenlooper (R-Ia.) told a Lincoln Day dinner audience Wednesday night the United Nations muffed two chances to win the war in Korea.

"One was the period a year ago when the Chinese Reds first started to come across the Yalu," Hickenlooper declared. He charged the U.S. State Department blocked plans for strategic bombing and "insisted upon a defeatist retreat and influenced the withholding of reinforcements and other powers which could have ended that struggle."

The Iowa senator asserted the other missed chance was last April when the U.N. position was consolidated along the 38th Parallel.

"The ablest military men I know will privately state, and some publicly, that even then the situation was such that we could have, by vigorous action, destroyed the Red armies," he said.

Hickenlooper addressed some 2,000 Republicans who paid $1 each for a box lunch.

K.U.H.S. Highlights

By JEAN OWENS

KUHS can again be proud of its outstanding art department whose members brought home high honors from the seventh annual scholastic art competition in Portland.

Gold Key awards were presented to 12 art students for paintings entered in the Portland contest.

Shannon Oldham, Wayne Angel, Doris Campbell, Jane Darton, Ron Jansen, Roger Long, Jim Matteson, Sally McMahon, Kim Morris, Carl Stewart and Denny Todd were the winners of the Gold Key awards.

Congratulations to all of you, and also to the art instructors.

Since a fire drill was held this morning, the members of the fire and safety squad and the faculty suggest that the drill can be greatly improved if the first people in lines will walk a little faster and keep going until they are much farther away from the building. This way students can leave the school faster.

Klamath Sports Album will be on the air tonight, featuring Jim Fisher as this weeks sportstrait.

The program has a new plan and is giving away prizes to out-of-town listeners. The announcers will pick a name at random from an out-of-town telephone book, and announce the name. If that person hears his name on the program he may write to the station and take his choice of two tickets to any basketball game or of $1.50 in cash.

Listen to KFJI at 7:15 tonight for Ku's own radio program and perhaps win a prize.

JUDGE FILES

SALEM (AP) — Circuit Judge Howard K. Zimmerman, Astoria, filed his candidacy for reelection Wednesday.

K. O. FOSSE

SAN FRANCISCO (AP) — K. O. Fosse, 70, retired president of the Wood and Sawpipe Co., died here Monday night.

Funeral services will be held Friday at an hour still to be set.

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