

Income Tax Bill Meaning Studied

By FLOYD L. WYNNE
Editor's Note—This is the first in a series of articles on the proposed referral of the recently passed income tax measure to be voted on Oct. 15.

On Oct. 15 voters in Oregon go to the polls to vote yes or no on a bill passed by the 1963 Legislature to increase personal income taxes by \$48 million in the next two year period and authorize another \$14 million from a speed-up "one shot" collection of state withholding taxes from employers.

There is much talk being fostered by various groups on what will be cut out if the people refuse to approve the increased taxes, but this approach might not be entirely justifiable. First of all, it is important to review the bill itself and see what it provides.

House Bill 1846 is a complicated measure which provides some 38 changes in taxes and tax procedures.

In all, the bill provides for an increase of \$62 million in taxes. Actually, one item alone accounts for about a \$50 million increase in taxes. That is the provision which eliminates the deduction of federal income taxes on your state return.

\$14 million comes from a provision which requires a speeded up return by employers on state withholding for the last month of the biennium.

The other changes in tax structure and other provisions actually work to reduce the total amount of taxes to be collected outside the elimination of the federal income tax deduction.

Some of the most important changes of the bill are these: A minimum tax of \$5 or one per cent of adjusted gross income for all persons who have a net income of \$500 or more, or a gross income of \$4,000 or more.

—Instead of a \$600 dependency credit, taxpayers are permitted \$22 for head of household or \$44 dollars for married couple filing joint return plus a \$20 credit for each dependent. This tax credit is subtracted from your total tax. A student earning \$600 or more may be claimed as a dependent.

—Rate structure is lowered and more brackets set up. The previous structure provided seven tax brackets with a range from three per cent to 9.5 per cent. The new structure provides brackets from two per cent to a high of 7.5 per cent and provides 17 brackets.

—The bill provides for deduction of medical expenses in excess of five per cent of the adjusted gross income and eliminates the maximum provision of the old law.

—In addition, the law provides a different type treatment on capital gains taxation, provides for accelerated speed-up payment of state withholding taxes by employers, and provides for property tax offset to counties in the event a tax surplus exceeds \$10 million.

What does it mean to you the taxpayer?
If you were a family of four filing joint return, the percentage of increase would be as follows: If net income was \$4,000 you would find a 62.1 per cent increase; if \$5,000, a 60.3 per cent. This decreases gradually, dropping to 58.2 per cent at \$6,000; to 53.5 per cent at \$7,000; 48.8 per cent at \$8,000; 43.2 per cent at \$9,000, and up 39.3 per cent at \$10,000.

If you were a single person filing a tax return, the percentage of increase would be: With a net income of \$4,000, the increase would be 27.1 per cent; \$5,000 net income would bring a 25 per cent increase; \$6,000 would be up 24.9 per cent; \$7,000 up 21.1 per cent; \$8,000 up 18.3 per cent; \$9,000 up 16.8 per cent and \$10,000 would be increased 16.6 per cent.

Net effect of these various changes is to bring in some new taxpayers on the low income side, reduce taxes somewhat on the top income taxpayers and lighten the tax load somewhat on the single persons and heads of households (widows with children, etc.) while increasing the load on married persons, especially those with children.

On the basis of the bill itself, objectors point out that it increases the tax load on the middle brackets which already have been carrying the majority of the tax load and is beneficial to single persons at the expense of the families.

Those favoring the measure point out that, in their estimation, the bill broadens the tax base and corrects some inequities that have existed in the Oregon tax structure, both on top and bottom tax brackets and on capital gains.

Objectors label the elimination of the federal tax deduction as a "tax on a tax," but proponents of the bill say that actually the federal government will be paying part of the tax increase since they will be getting less taxes from you because you can deduct the higher state taxes you pay.

A valid objection can be made to the statement that the federal government will pay part of the tax increase. The net effect will be merely that he pays less to the federal government while paying more to the state. This is the proper way to explain it.

While a great deal of debate rages around the provisions of the tax bill itself, much opposition seems to center also around the entire state spending picture.

Tomorrow—Where does the money go?

Reign Of Terror Claims Seven Lives In Venezuela

CARACAS, Venezuela (UPI)—Pro-Castro assassins shot and killed two national guardsmen on the Caracas-LaGuaira superhighway Saturday, raising to seven the death toll in a nightmarish reign of terror that began Friday night throughout Venezuela.

The terrorist group, members of the Armed Forces National Liberation (FALN), killed five persons and wounded 10 others during the night in a series of hit-run raids apparently aimed at

challenging the government's massive crackdown against the pro-Communists.

Police and military forces arrested at least 200 persons during the night and reinforced their numbers in Caracas Saturday with 500 graduates of a police academy. But reliable sources said the FALN struck in daylight on the famed superhighway Saturday then fled into the rugged mountains along the way.

Dinner Reservations Set

All members of the Klamath County Chamber of Commerce who plan to attend the chamber's annual meeting Wednesday evening, Oct. 9, are reminded that reservations must be made no later than noon on Tuesday.

Tickets may be purchased in advance from any member of the chamber board of directors, or at the chamber office at 323 Main Street. They will also be available at the door Wednesday evening, so long as reservations have been made beforehand by dialing the chamber office at TU 4-5193.

The dinner meeting is scheduled for 6:30 p.m. at Reames Golf and Country Club. In addition to brief remarks by outgoing president, James D. Monteith, and the chamber's 1963-64 president, James F. Stilwell, Stary Gange of Visalia, Calif., will be featured as the principal speaker.

As one of the nation's top platform speakers, Gange has delivered over 2,500 talks on Americanism since 1959 in a tour of all 50 states. His topic Wednesday evening at the chamber's annual meeting will be "How High Is Up?"

Hurricane Raps Cuba, Threatens Florida

Weather
Klamath Falls, Tulelake and Lakeview: Variable cloudiness, windy and cool with some showers through Monday. High today and Monday 45 to 45, lows tonight 28 to 42. South to southwest winds 8 to 18 miles per hour.
High yesterday 45
Low yesterday 44
High year ago 38
Low year ago 28
Precip. last 24 hours trace
Since Jan. 1 4.74

Herald and News

Weather
AGRICULTURAL FORECAST
Cloudy, cool showery type weather is forecasted to continue through Tuesday. Hard freeze indicated for Tuesday night. Harvest outlook poor to fair, becoming good on Wednesday and Thursday.

Viewpoints Differ Sharply On Proper Herd Size

Rangemen, Sportsmen Argue Available Feed

If the deer herds are maintained in numbers too great to be supported on the winter range it will result in irreparable damage to the winter feeding grounds; overgrazing will first retard the growth of forage plants, then kill them.

"When there is no forage, there will be no deer."
That stark appraisal was voiced by Dillard Gates, range specialist of Oregon State University, as

he addressed legislative committees of Oregon and California which met at the Winema Motor Hotel Friday to hear cattlemen, sportsmen, and forestry officials express their views on restoring the interstate deer herd to its greater numbers of former years.

Two opposite points of view were noted from the gist of opinions presented to the lawmakers during the second of the two-day session which started in Yreka Thursday and ended in Klamath Falls Friday.

Essentially, government biologists and rangemen believed that the present deer herds should be reduced to numbers which could be sustained on a winter range that is in critical condition due to a severe drought that has persisted in recent years. Further, the condition of forage plants on the winter range has become even more critical because as some of those plants die off the others remaining are therefore browsed more frequently by foraging animals.

It is the view of the range specialists that the deer herds should be held to minimum numbers until the range is restored and can support larger quantities of deer. The establishment of special antlerless deer hunts is one of the practices used by the Oregon State Game Commission to keep the interstate herd at minimum levels.

Sportsmen opposing the view of the rangemen said during the hearing that adequate forage is available; they demanded that antlerless hunts be stopped immediately and that steps be taken to insure that the interstate herd is restored to its size of earlier years.

The latter group believes that the ever increasing army of hunters will harvest enough animals to reduce the herd to numbers that will not place too much pressure on the dwindling supply of forage plants, such as bitter brush and snow brush.

Gates, who has worked with government agencies on range management problems in recent years, commented favorably on antlerless hunts as an adjunct to improving the heavily browsed winter range.

"We would agree that it is ridiculous for a stockman to harvest only bulls. In no time, we'd be knee deep in cattle," he said.

George Wardell, secretary-treasurer of the Klamath Forest Protective Association, opposed the special hunts, as did two representatives.

"There are no morals in politics; there is only expediency. Truth does not count unless it serves an end. Promises are like piecrusts; made to be broken."

Question: How can a nation founded upon such cynical concepts of human behavior be trusted?

That, I take it, is the question that was in the back of my anonymous correspondent's mind when he asked: "Who will get the job of biting the bricks?"

It is obvious that a dedicated communist wouldn't hesitate to pay for American wheat with phony gold bricks if he thought he could get away with it.

So—How will we know that the gold we get for our wheat (assuming that we make the deal) is REAL?

It's a logical question. Well, if the deal goes through, it will probably be handled by some big London banker, London being the big buyer of gold at the present time.

Here's how it will work: The Russians will use their gold to buy American dollars, and with the paper dollars thus purchased they will pay for their

goods.

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ANOTHER ON THE BOARD—This is a common scene around town these days as World Series pools flourish despite warnings of the district attorney against gambling. Most of the pools are of the nickel-and-dime variety.

Pools Still Flourish Except At Courthouse

"Past... wanna buy a chance in the pool?"
"What is this?"

Is this a future rendezvous between a criminal and his patron? Will the proceeds of this illicit alliance fatten the coffers of the czars of crime?

Can we expect the authorities to take vigorous action to suppress this activity?

On the contrary. These are no blackhearted criminals. They are merely two ordinary, honest people who think they have the right to wager their money.

The scene is not a big-city underworld. Indeed, a transaction like this occurs every day in the offices and shops of Klamath Falls.

Right now, at this moment, someone in the city is wagering a dime, or quarter, or half-dollar on the outcome of the World Series, or on the score of this week-end's football game.

The pools exist in virtually every office and shop in town. Many of them are annual ones which have been going on for decades.

Not only men play, but women join in the pools wholeheartedly.

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Kelsay Dies In Crash After Meeting Here

State Rep. William O. Kelsay, D-Roseburg, on his way to Salem after a long day of hearings in Klamath Falls, was killed instantly Friday night in a two-car collision 35 miles north of here on U.S. Highway 97.

The 50-year-old lawmaker, chairman of the Oregon Interim Wildlife Committee, was serving as a member of the Oregon-California Legislative Interim Committee set up to study the interstate mule deer herd. The committee had met all day in Klamath Falls Friday and had conducted a day-long session Thursday in Yreka, Calif.

The two occupants of the second car, Homer May and his wife, Mildred, both about 52, of Eugene, were critically injured in the accident. They were taken to Klamath Valley Hospital and

listed May as still in critical condition Saturday afternoon. State police said the Medford hospital reported Saturday night that Mrs. May was "still critical, but doing as well as could be expected."

Police said Kelsay's car skidded for 100 feet in the righthand lane and then crossed the center line, going into a broadside skid. His vehicle then was struck by the oncoming May automobile. The mishap occurred about 7:45 p.m.

Kelsay, a sawmill operator, was elected to the 1957, 1959 and 1961 state legislatures. He was a graduate of Oregon College of Education.

During the 1963 session Kelsay was chairman of the Fish and Game Committee, and served on the Highways, Rules and Resolutions, and Taxation committees.

He was born in Oakridge, and was active in the Masons, Scottish Rite and Shrine, the Elks, Eagles, the Roseburg Country Club and Rod and Gun Club.

He was part owner of four sawmills and a member of the board of directors of the ICOA Insurance Co. of Salem, a post to which he was elected in April.

He was on his way from Klamath Falls to Salem, where he was to attend a board meeting of the ICOA Insurance Co. Saturday morning.

Kelsay is survived by his widow, two sons and a daughter.

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Chief Adds Sympathy

SALEM (UPI)—Gov. Mark Hatfield Saturday praised the late State Rep. William O. Kelsay, D-Ore., who was killed in a traffic accident Friday night.

"Rep. Kelsay, with his service to the state above all considerations, was held high in the affections of those who were privileged to be his friends," the governor said. "May I extend the condolences of a grateful state."

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Another Buddhist Burns Himself; Saigon Police Beat U.S. Newsmen

SAIGON, South Viet Nam (UPI)—A young Buddhist priest sat cross-legged in Saigon's central market square Saturday, poured a can of gasoline over his head and impassively burned himself to death in South Viet Nam's sixth such protest against government anti-Buddhist policies.

Uniformed police rushed to the scene with drawn weapons and savagely beat three of 10 American newsmen called to the square by anonymous telephone calls. U.S. Ambassador Henry Cabot Lodge investigated the beatings personally and lodged a strong protest.

The ritual suicide—self-immolation—took place at 12:30 p.m. as tens of thousands of Vietnamese streamed past on bicycles and in cars en route to their noonday meal.

Hundreds stopped to watch the ghastly spectacle. There were several traffic accidents as drivers gawked at the sight of the priest sitting perfectly still, no sound coming from his firmly shut lips as the flames took his life.

(Disatisfaction with the regime of President Ngo Dinh Diem also appeared to be spreading to the armed forces. Vietnamese pilot Capt. Huynh Minh Duong landed at Pochentong Airport at Phnom Penh, Cambodia, Saturday and asked for political asylum to protest Diem's policies. Duong was the third Vietnamese pilot to ask for asylum recently.)

The ritual suicides of Buddhist priests and a nun to protest government action first began early in May when troops killed eight peaceful demonstrators in Hue, the former imperial capital of Viet Nam, 400 miles to the north.

The official government version was that the eight were killed by Communist Viet Cong plastic bombs. But there was compelling evidence that government troops fired into the crowd and crushed some demonstrators beneath the wheels of armored cars.

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Haiti Strip Reduced To Shambles

MIAMI (UPI)—Killer Hurricane Flora stalled over Cuba Saturday, raining more destruction on the island than all the anti-Castro raiders to date and posing a definite threat to the U.S. mainland.

From the islands already raked by the vicious storm came grim reports of death and destruction. At least 54 persons have been killed by the tropical terror and no comprehensive report is yet available on one of the hardest hit areas—the Tiburon Peninsula of Haiti—which is in shambles.

Flora concentrated her 80-mile-an-hour winds and torrential rains Saturday on Cuba's province of Camaguey, known in the days before Fidel Castro installed his Communist regime as the "Texas of Cuba" because of its famed cattle ranches and huge sugar plantations.

Cuban radio broadcasts monitored in Miami told of mounting damage throughout the southeastern end of the island, particularly in mountainous Oriente Province where the hurricane hit with 125 m.p.h. winds Thursday.

The uncertain path of the drifting tempest caused many south Florida residents to begin storm preparations during the day.

Forecasters predicted the hurricane would continue a westward drift well into the night, weaken somewhat and emerge into the Caribbean off Cuba's south coast sometime early Sunday.

Stalling of the storm was caused by a high pressure system over the United States which was moving toward the east-southeast.

From Cuba came reports of homes being unroofed and trees and television antennas toppled. Many towns in Oriente Province were without electricity and air traffic was halted on the island.

On the mainland, from Miami to Palm Beach, hardware stores reported a run on hurricane supplies such as flashlights, lanterns, camp stoves and canned heat.

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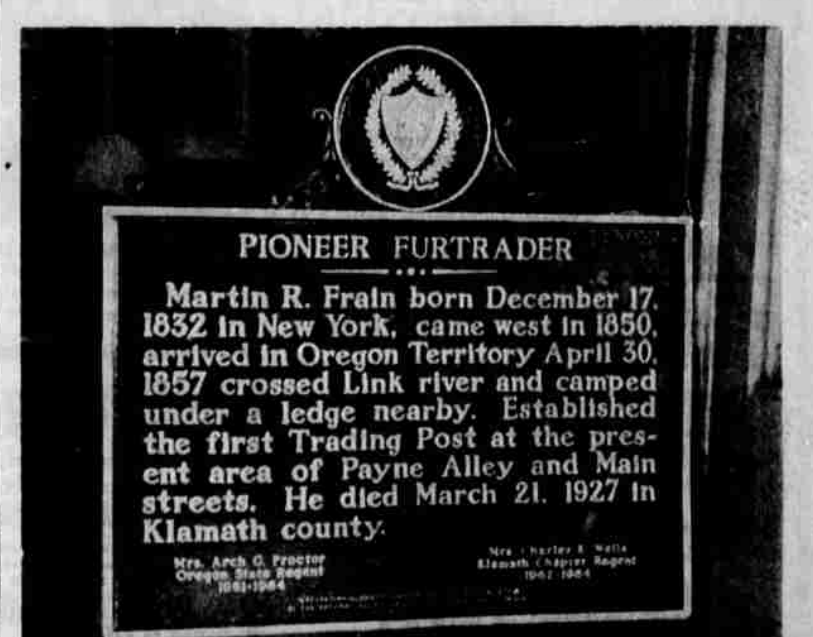
Showing Lasts Two Minutes

CORVALLIS (UPI)—Friday just wasn't a good day for Rice Mercury Motors of Corvallis.

The firm had two brand new 1964 models to show off proudly. An open house was planned. The coffee was brewed and doughnuts were on the platters for visitors.

The two new cars were parked at the curb, ready to give prospects a ride around town.

The doors were opened at 9 a.m. At 9:02 there was a loud crash. A motorist driving down the street had smashed into both cars, nearly demolishing them.



PIONEER FURTRADER
Martin R. Frain born December 17, 1832 in New York, came west in 1850, arrived in Oregon Territory April 30, 1857 crossed Link river and camped under a ledge nearby. Established the first Trading Post at the present area of Payne Alley and Main streets. He died March 21, 1927 in Klamath county.

IN RECOGNITION—This bronze plaque in memory of Martin R. Frain, first permanent fur trader in this part of Oregon, will be dedicated by the Klamath Chapter Oregon State Society of the National Society of American Colonists on Saturday, Oct. 12. The marker will be placed in Veterans Memorial Park which is near the site of Frain's first trading post at Payne Alley and the intersection of Main Street. The public is invited to attend the dedication ceremony at 10:30 a.m. (See story and pictures on Page 1 of feature section).