

# The INDEPENDENT

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## Opinion

### Even late night TV is more intelligent

By now, anyone who's been watching the "leadership" in our state legislature during the present session must be either deeply depressed or hysterically happy. Those are about the only two options remaining at this time.

Just consider: What did Measure 5 do? It forced the state to use General Fund money to prop up the schools because the property taxes that formerly supported schools are declining (No, not here, but that's because our school taxes weren't very high to begin with.) and will decline much more in the next biennium.

Did Senate Pres. Bill Bradley (Dem) and House Speaker Larry Campbell (Rep) face the problem head on? No, they grabbed the bull by the tail and looked it in the eye!

Among the diversions that have been brought to us this year, courtesy of the "leadership," was Bradley's appointment of Peg Jolin to a committee chairmanship — after she had been convicted of a felony charge involving fund raising.

Even earlier, Campbell torpedoed Gov. Barbara Roberts attempt to call a special legislative session to deal with the problem. Campbell wiggled and wagged, trying to stay away from the "T" word. About the nicest thing he said in refusing to cooperate was that her action was premature. Well, it's a year later and he still has trouble getting that word to cross his lips.

When the regular session started, Campbell figured out how to keep the public from knowing what was going on; he eliminated the joint Ways and Means Committee, which actually dealt with taxes in public! Ironically, he didn't have to worry about it because his speech problem was contagious and a lot of Reps and Dems developed an inability to get the "T" word across their lips.

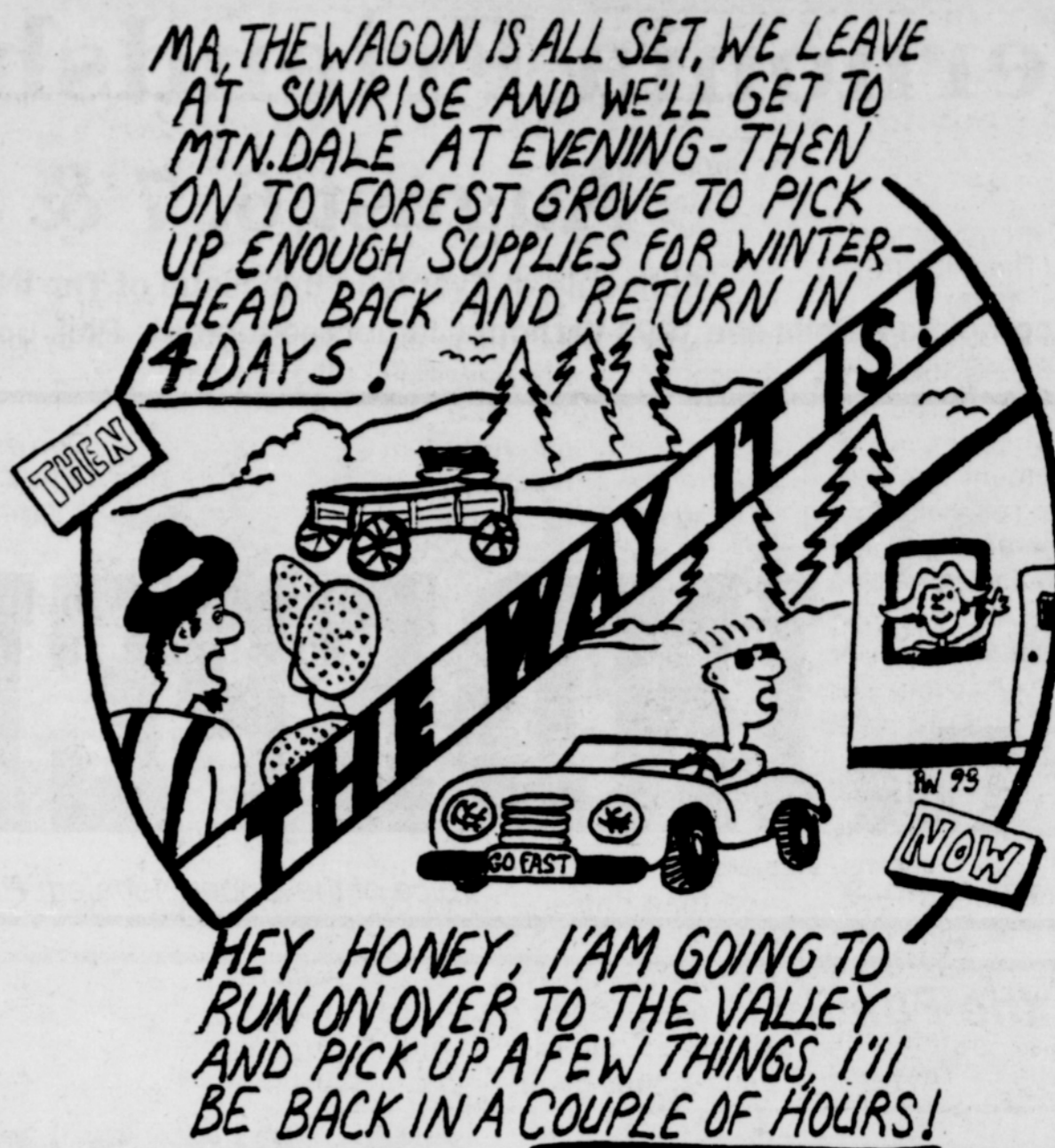
All the while, the Dems in the Senate and the Reps in the House were busy trying to blame the inaction on the "other" party. They spent so much time pointing fingers that their mothers probably told them their fingers would freeze in that position if they didn't behave themselves.

In the meantime, the Oregon Health Plan received the federal waiver that was wanted so desperately — until it arrived. The problem is that health care costs money, and lack of that commodity means the legislature has to devise a way to pay for it. But, since the "leaders" don't want to deal with it, they fell back on cigarette taxes (Dems) and lottery money (Reps). The problem with the lottery is that about half of the legislators seem to think there's enough of it to support schools, pay for health care, build prisons, etc., etc. There isn't.

Now, let's pretend we're legislators and jump back to Measure 5 (then we don't have to think about health care costs). Do we want a sales tax that provides property tax relief (House), or a sales tax that provides income tax relief (Senate)?

Did the Senate already forget that Measure 5 was about property tax relief? Do they care?

It's all too depressing. Hysteria must be more fun.



## The Josi Report

By Tim Josi, Representative Oregon District Two

July 16

House Bill 2500, the statutory enabling language for a sales tax, finally passed out of committee. This bill would impose a 5 percent, goods only, general sales tax and would prohibit any local sales taxes. The tax on production machinery would be 3 percent. Sales tax proceeds would be dedicated to public educational programs up through the community college level.

If HB 2500 passes and if voters approve its companion measure in November, the sales tax would kick in May, 1994. One of the most interesting characteristics of this sales tax proposal is that it has a sunset date. If the voters failed to reapprove the measure in November of 1998, the sales tax would be repealed. The proposed sales tax would raise a net \$549 million in the 1993-95 biennium and \$1.923 billion in the 1995-97 biennium. (Ed. Note: HB 2500 passed)

The other contentious issue which finally surfaced this week is a proposal for the Oregon Health Plan. Since funding has been the biggest obstacle to the plan's implementation, the latest proposal substitutes the full plan with a pilot project in the areas of mental health and chemical dependency. The proposal would pay for the \$65 million program without any new taxes by allocating \$20 million from the general fund and \$45 million of lottery funds.

I am not in favor of using lottery dollars for funding. These dollars are supposed to be dedicated to economic development, not be used as a slush fund to supplement various and sundry budgets. Their loss would be seen in a reduction of regional strategies dollars, loans to small business, grants to improve clean water programs and other public works programs, rural community facilities and workforce training programs.

Rural Oregon cannot afford this allocation of lottery dollars. However, I will vote in favor of the proposal because I know that the Senate plans to include a cigarette tax proposal in the bill to replace the \$45 million lottery expenditure.

July 23

After receiving a great deal of feedback about my vote on HB 2500, the sales tax bill, I will dedicate this week's column to further discussion of this issue.

After witnessing the curtailment of valuable programs this session due to Measure 5, I am

convinced that replacement revenue is needed before we enter the 1993-95 biennium. Measure 5 requires the state to replace revenue lost to schools through a gradual reduction in property tax rates. The 1991-93 biennium saw about a \$500 million impact. The biennium that we are now entering (93-95) will see an additional impact of about \$1.2 billion. We have made substantial budget cuts to meet this additional obligation. However, when we enter the 1995-97 biennium, additional cuts will amount to around \$2.7 billion. If this happens, around 60% of the General Fund will become unavailable for programs such as corrections, public safety, and human resources. We must do our part to protect those resources, characteristics, and programs which characterize Oregon. We need to retain young, vibrant, creative families in Oregon, not give them a reason to bid us farewell.

The sales tax is a two-part proposal comprised of HB 2500 and HJR 10. HJR 10 is a limitation measure which would go before the voters in November. While HJR 10 would not itself implement a sales tax, it would afford the voters more security by establishing a constitutional amendment which would prevent the legislature from raising the sales tax rate without a vote of the people, mandates that one half of all lottery proceeds be dedicated to education, requires all sales tax proceeds go to education, and sunsets in June of 1999 if not approved by the voters.

The second half of the proposal, HB 2500, is the specific statutory language which defines the sales tax. This bill, among other things, prohibits local sales taxes and declares what specific exemptions will be provided. Food, medicine, utilities, animal feed, seed and plants, and motor fuels are among those goods exempted from the sales tax proposal. HB 2500 also eliminates school property taxes on all owner-occupied homes and dedicates all sales tax proceeds to education. This would speed up and exceed the property-tax drop as mandated by Measure 5. The bill also repeals the tax in 1998 if it is not repassed by the voters.

The sales tax proposal will not come close to replacing all of the lost revenues due to Measure 5. However, it will provide enough revenues to maintain a pared-down yet adequate program base for the services deemed necessary for Oregon. Both measures are now being reviewed by the Senate.