

\$40 Million Oregon Budget Deficit Calls for Tax Hike; Gov. Hatfield Proposes New Sources of Revenue

(SALEM SCENE by ROBERT H. ELSNER)

Although many issues will confront the 1963 Legislature, the one likely to concern most Oregonians centers around the strong possibility of a tax increase.

New or higher taxes of some type seem inevitable during the next biennium. Oregon is faced with a deficit ranging from \$40 to \$50 million. State law prohibits operating in the red, which means that additional revenue will have to be obtained through taxes. In the past, Oregon has been able to meet its potential deficits by falling back on existing budget surpluses. But now, the surplus is gone.

Education accounts for one of the largest expenditures in the general fund budget. This and other "built-in" costs are necessary—and often difficult or impossible to avoid.

Even if the legislature trims the state budget to the bone, it is apparent that some type of tax increase is in store.

May Hold Special Tax Election

Oregon's lawmakers will have to determine the source—or sources—of this additional revenue. It won't be easy and will require careful scrutiny and deliberation. They may even decide to hold a special election while the legislature is in session, to let the voters determine how—or if—additional taxes will be levied.

Traditionally, Oregon voters and legislators have opposed a statewide sales tax. Sentiment still seems to follow this pattern, and

most observers predict that adoption of a sales tax is unlikely.

One of the most widely advocated is a cigarette tax. At present, Oregon is the only state in the union without some form of cigarette tax. Of the 50 states, 47 now impose a tobacco tax. The other two—North Carolina and Colorado—subject cigarettes to either a sales tax or a local community tax.

Governor Suggests Tax

Proponents of a cigarette tax include Governor Mark Hatfield, Speaker of the House Clarence Barton (D-Coquille) and Associated Oregon Industries, the statewide business association.

Taxes ranging from 3 to 5 cents per pack on cigarettes have been suggested, but 4 cents seems to be a likely compromise. Estimates are that this would produce from \$14 to \$19 million per biennium.

Another proposal includes broadening the state income tax base. As suggested by the governor in his recent budget recommendations, this would be a net receipts tax, with a rate schedule of 1 to 6 percent. Under it, every wage earner would pay at least 1 percent and nearly all deductions would be eliminated.

37 States Rely on Sales Tax

Proponents say that it is more equitable than a sales tax. Both business and organized labor agree that a sales tax hits the lower income groups hardest. A 1 percent gross income tax, for example, would cost the low income taxpayer less than if he were required to pay a 3 percent sales tax. Yet 37 states rely on a sales tax as their principal or a major revenue source.

Other tax possibilities include: —A limited sales tax, on luxury items. This has been advocated by Sen. Walter Pearson (D-Portland), who also has urged a statewide tax election during the legislative session to let the voters decide.

Liquor Price Increase Planned

—An increase in liquor prices by about 15 cents per bottle, coupled with the elimination of the annual \$1 liquor purchaser's permit fee. Governor Hatfield also has proposed this as a means of raising additional funds.

Whatever the outcome, it appears certain that income—the taxpayer's—will be one of the major topics of the 1963 Oregon Legislative Assembly.

"Salem Scene" will appear regularly, with first-hand reports, previews and interviews throughout the session.

KITCHEN QUEENS 4-H CLUB PLANS CHRISTMAS MEETING

The third meeting of Kitchen Queens 4-H Cooking club was held Dec. 10 at the home of Virginia Cleaver, leader.

A work program was planned and arrangements were made for a Christmas party to be held in the near future. Names were drawn for a gift exchange.

Next meeting will be Dec. 31 at the home of Karry Cleaver.

—Sylvia Cleaver, Reporter

VISIT FROM KENNEWICK

Mr. and Mrs. George Bauer, Brian and Michael of Kennewick, Wash., spent the weekend visiting her mother, Mrs. R. G. Larson, Sr., and her brother and sister-in-law, Mr. and Mrs. Ray Larson and Melissa.

BOISEANS VISIT HERE

Mr. and Mrs. Neil Coburn and children of Boise visited Sunday with her parents, Mr. and Mrs. J. H. Malloy.

OSU's Student Body Includes 79 Enrolled From Malheur Area

A total of 79 students from Malheur county are enrolled at Oregon State university this fall, including 25 from Nyssa, according to the OSU news bureau.

All of Oregon's counties are represented in OSU's student body, along with 46 states and 63 foreign countries.

Those attending from the Nyssa-Adrian area include Rena E. Dirksen, Alan L. Fahrenbruch, Marilyn C. Hickman, Bonnie K. House, Sandra J. Lewis, Jerry T. Matsunaga, James R. McKinley, Henry C. Mendazona, James D. Moss, Monte R. Mullen.

Gary D. Newman, Sharon A. Newman, Norris J. Niccum, Paul Okano, Mary K. Olsen, Broshia B. Reinke, Joy Gay Roth, Harlan R. Sager, Ronald R. Stephen, Anne M. Stringer, Gary V. Thompson, Dan R. Wilson, Michael B. Wil-

MOVE TO NEW HOUSE

Mrs. Howard Finger called Saturday on Mr. and Mrs. Wayne Simpson and saw their new house into which they recently moved.

GUESTS IN SCHOEN HOME

Mr. and Mrs. Jhelmar Schoen, Mark and Terry of Kennewick, Wash., visited Dec. 2-3 with his parents, Mr. and Mrs. Bill Schoen. Sunday guests in the Schoen home were Mr. and Mrs. Ernest Schoen of Nampa, Mr. and Mrs. Harry Frost of Meridian, Mr. and Mrs. Cecil Shane of Caldwell.

VISIT IN ONTARIO

Mr. and Mrs. Earl Farr visited Sunday with their son-in-law and daughter, Mr. and Mrs. Max Jones and daughters in Ontario.

son, Ruth M. Yoneyama, Benjamin A. Zamora.

Other totals throughout the county include: Brogan, 1; Harper, 1; Jamieson, 2; Juntura, 1; Ontario, 4; and Vale, 15.

Sandra Lewis Chosen For Honor Society

Sandra J. Lewis of Nyssa has been selected for membership at Oregon State university in Alpha Lambda Delta, an honor society for coeds who make outstanding scholastic records during their freshman year.

Eleven sophomore women who made top grades as freshmen a year ago have been initiated into the honorary this fall at OSU.

Miss Lewis is majoring in the school of science. She is a daughter of Mr. and Mrs. Grant A. Lewis, former Nyssans, now residing in Caldwell.

GUESTS IN JOHNSON HOME

Mr. and Mrs. O. M. Kirkland of Roseburg visited three days last week with their brother-in-law and sister, Mr. and Mrs. Tom Johnson. Spending the weekend in the Johnson home was her brother, Donald J. Leuck of Baker.

H. KANEASTER COMPLETES ADVANCED ARMOR TRAINING

Army National Guard Pvt. Herbert E. Kaneaster, 19, son of Mrs. Clara L. Kaneaster, route 1, Ontario, completed eight weeks of advanced individual armor training under the Reserve Forces Act program at the Armor Center, Ft. Knox, Ky., Nov. 24.

Kaneaster received basic training at Fort Ord, Calif.

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Libby's — 211 Size
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Libby's — No. 2 1/2 Size
Pumpkin 2 Tins 35¢
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