



Taxpayers Digest

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LOCAL TAX ORGANIZATION INITIATES EXPANSION PROGRAM

Plans to build the largest single block of taxpayers for political action have been quietly started by the Portland Tax savers, Inc. First stages of the expansion program have been completed with two new units installed.

Some changes have been made in the organization activities, but a spokesman for the Tax savers denied a basic policy change. "There has been no purge," he grinned, then continued in a serious vein: "Portland taxpayers are becoming tax conscious again," he said, "and we are only endeavoring to meet this awakening and to provide a method by which they may be heard."

Two new chapters have been organized: the North Portland chapter which meets in the James John school the third Monday of each month, and the Southeast chapter which meets the second Monday of each month at the Kellogg school. Both units have elected officers and regular meetings begun.

"We find that meeting in various areas of the city," said Mrs. Ethel Gould, newly elected president of the Southeast chapter, "brings our organization closer to the people and means larger attendance and greater interest." In line with this policy, other chapters are being formed and meeting locations sought for Southwest and Northeast units. Bruce Thierman is chairman of the North Portland chapter.

TAXPAYER INFORMATION FUTURE GOAL

Future projects call for dinner meetings, noted speakers, and weekly radio broadcasts, all designed to inform the general taxpayer of current tax news and activities of the Tax savers organization.

Beginning April 1, the Tax savers have scheduled a monthly meeting and dinner the first Saturday every month. The business session is to begin at 3 p.m., while the social function is scheduled to start at 5:30 p.m. at the Odd Fellows Hall, 65th and S.E. Holgate.

Planned for April 10 at 8 p.m. is a meeting at the Kellogg School at 69th and Powell Blvd. with House Speaker Robert Duncan as guest speaker. The public is cordially invited to all meetings.

At its last meeting March 20, the North Portland chapter showed a 16mm sound movie "Land—and Space to Grow," the sub-title of which could well be: "How to reduce taxes." The chairman of the group, Bruce Thierman, announced that this film is available to other interested groups free of charge (postage only). For information contact the Taxpayers Digest, P.O. Box 2506, Portland 3, Oregon.

PROPER TAXATION WILL REMOVE SLUMS

Before even the last walls of derelict buildings in the SW Portland area have been torn down and the debris carted away, we hear of new projects to be undertaken by the Portland Planning Commission. This time it is the St. Johns area that is considered for a face lifting treatment. In a small sort of way we feel compassion for the St. Johns inhabitants, especially if they are going to be handled the way the folk in the auditorium area were treated.

There is, of course, this difference between the two cases: in the auditorium area valuable land is involved, lying as it does so very near the City Center, while St. Johns is an outlying district.

However, the central fact remains the same: who is going to pay for urban renewal? And how effective is the whole program and concept of slum clearance?

Robert C. Albrook writes in the *Washington Post & Times Herald*:

Homestead Tax: Exemption vs. Deferral

Since World War II, property taxes, principally in the metropolitan centers of Oregon, have skyrocketed. People living upon small fixed or retirement incomes have been noticeably hurt. It is their plight that precipitated the demand that "something be done about it."

Both houses of the Oregon legislature have bills in the hopper for consideration. The House has two: HB-1007 and HB-1118; the Senate, SB-15 and SB-62. All are aimed at relieving the aged of their tax burden, but their methods are different, so much so, that the issue may be killed because of opposing liberal and conservative interests.

House Bill 1007 provides that people over 65 years of age who have annual incomes of less than \$4,000 may apply for and receive deferral of property taxes on their homes. These taxes would be deferred to such time as the homeowner may decide, but they must be paid when the property changes ownership. In the event of death, heirs would be required to pay the back taxes before they could take possession.

The three other bills provide that older people (65 years in HB-1118 and SB-62, and 70 years old in SB-15) may apply for an outright exemption from property taxes to a given value. A different figure is employed in each of the bills.

The question of which method, deferral or exemption, should be used and yet not place a larger burden upon younger taxpayers is one which the legislature must face directly in this session.

"This program of urban renewal is bogging down, and new slums are growing faster than old ones are removed. The problem, in essence, is how to convert land from profitable exploitation by slum owners to uses which better meet community needs."

(Continued on page 4, Col. 3)

Look To The East

Civic Pride and Sound Economic Principles Favor Incorporation

The movement for incorporation of Fire Districts No. 2 and No. 10 with Parkrose as its center of gravity is making great strides. The committee, East Multnomah County Citizens for Incorporation, has filed papers in Salem for its own incorporation, and a large number of subcommittees with members coming from the entire area, are studying the many individual problems involved.

The information presented so far points to the great possibilities that lie east of Portland between the Columbia River and the Clackamas County line. There is plenty of space to grow, for industry, for homes, for large shopping centers and recreational facilities, with parking spaces for present and future users. New industry is not looking to the big cities for sites. It is locating where the cultural, social and civic environment of a community meets its standards.

As to cost of government—an item of extreme importance to the taxpayers—a large percentage of the finances would come from non-property tax sources. Studies of the Bureau of Municipal Research, University of Oregon, show an estimate of \$6.35 per capita for 1960-61 from the state highway fund, and \$1.95 per capita from state liquor revenues. Further income is provided by franchise taxes from utilities (power, telephone, gas) and railroads.

Portland's city tax for 1961 is 19.9 mills. It has been estimated that cost of government in a new city would not exceed 14 mills, and it would start DEBT-FREE. If annexed, there would be Portland's debt of \$39.8 million as well as the \$400,000 annual levy for urban renewal, which would have to be shouldered in proportion. Through annexation, Portland's tax receipts would increase about \$4,000,000 annually, and it would get all the capital investments in the annexed districts free: fire stations and equipment, and water distributing systems. In addition, Portland would receive the revenues from the state highway fund and from liquor profits and fees, as mentioned already, which would amount to another three-quarters of a million dollars or more. It is only a guess as to how much of this would go to benefit the annexed districts. The city's interests are centered around redevelopment and rehabilitation of downtown areas at the expense of the general taxpayers.

The Committee for Incorporation furthermore points out these advantages:

Roads: Improvements to side streets, curbs and sidewalks are done exactly the same way inside and outside the city limits. Each property owner pays his share of the cost based on the front footage of the property being improved. Their broad, smooth arterials are excel-

lently engineered and equipped with the most modern street lighting. In the new city all streets belonging to the county at the time of incorporation would continue to be owned by the county—exactly as they are in Portland—and their maintenance would be the responsibility of the county.

Police service, equally as good as that offered by the city if not better, can be arranged with the county, just as Gresham, Fairview, Troutdale and Wood Village do, until such time as the newly incorporated city wishes to set up its own police department.

Schools and school taxes are not affected in any way by either incorporation or annexation. State law provides that school district boundaries and incorporated area boundaries need not coincide.

Sewage Service is something that will have to be provided, as Portland's sewer system does not even extend to its own boundaries, so it cannot offer aid. Most of the area considered for incorporation is not included in the Tri-County plan.

E. S. H.

From the Mailbag—

March 13, 1961

Dear Editor:

It must be conceded that at the last General Election the voters, in defeating practically all tax measures, gave a decided edict to city, county, and state officials that taxes are too high and must be reduced.

That this would be done was the pre-election promise made by our elected state senators and representatives. However, after numerous hearings by an interim committee and by the regular taxation committee, all tax bills to the above purpose have either been defeated or referred back to committee.

It is our most emphatic stand that property be not further burdened with more taxes, because it is already now carrying a load which certainly discourages the ownership of homes and small businesses. Also the inventory tax is a deterrent to small business and should be repealed.

We the taxpayers do not want a shift to our property of increased taxation. We want economy in government and a fair approach to the problems involved by our legislators. We feel that this is not being done. W. M. Brosey, Executive Secretary, Tri-County Tax Research Board.

POVERTY:

The Common Enemy

"The good government would not make war against other countries, but against the common enemy—poverty, for it is out of poverty and ignorance that crime and disorder come. To punish men for crimes committed as the result of a lack of opportunities offered them for employment is a dastardly trap to set for the people."

"A government is responsible for the welfare of its people and should regulate economic processes accordingly. It should tax chiefly the ground rent, rather than what is built or done on the land; it should abolish all tariffs, and should develop universal and compulsory education as the soundest basis of civilized development; 'good laws are not equal to winning the people by good instruction.'"

This bit of politico-economic philosophy is some 2300 years old. It was promulgated by the Chinese philosopher Mencius, writing at the end of the fourth century B.C. The quoted paragraph is a summation of the ancient sage's work which appears on page 480 of Will Durant's "The Story of Civilization" vol. I.

The Taxpayers Digest is an independent, bi-monthly, non-partisan publication serving the interests of the general taxpayer. It specializes in news on taxation and advocates sensible tax reform: tax exemption for homes used as homesteads by the owners whose yearly income is less than \$2000—and the placement of taxes where they will hurt the economy the least and from where they cannot be shifted.

Subscription rate is \$1.00 per year for six issues. Commercial and political ads are solicited at 2.50 per column inch.

The Taxpayers Digest actively supports groups interested in problems of taxation and tax savings, and provides a means by which such organizations may reach the general public. Readers are invited to send their opinions to the Editor—The Taxpayers Digest, P.O. Box 2506, Portland 3, Oregon, but we assume no responsibility for views expressed by individual contributors.

Editorial staff: Harvey Akeson, publisher; H. James Notaling, editor; Erick S. Hansch, business manager; masthead design by William M. Gwin, illustrator.

Foreign Aid Versus The American Taxpayer

By James H. Schoppe

Thomas Paine's booklet *Common Sense*, and his bold statement that "These are the times that try men's souls," the upstanding and cheery sociability of the Boston Tea Party, the shots fired on the village green, and the host of events which led the American colonies to be freed from British "tyranny" brought the sudden realization of the American Dream. True, the stamp taxes, the duties, and other tax policies of His Majesty's government imposed a burden which the fledgling new colonies were economically unprepared to shoulder. However, it was principally the arrogant British attitude toward its colonies which caused the separation.

Instead of facing the colonial problem realistically, the British government chose to hire from powerful king Frederick II of Prussia some 20,000 German mercenaries, the Hessian troops of the Revolutionary War, to banish or suppress the grievances of the American colonies. This fanned the flames of discontent and only furthered the progress of the American colonial revolution. The British government had chosen the line of least resistance.

Today, there is again great temptation in the Halls of the U.S. Congress, to choose the line of least resistance, with the taxpayers' dollars being sent to foreign lands. Foreign aid spending between October 1945, to March 1960, comes to \$78 billion, according to the Congressional Record.

What does this mean? It means that U.S. produced goods cannot compete with foreign goods because of the cost of the high Federal debt imposed through taxes. The Federal debt is an obstacle to labor, to profits, and to the stability of the gold which backs the US dollar.

Not only is the high tax burden tough on the US taxpayer, but the US government's payments for the world's troubles are tagged onto the costs of producing US goods.

What's worse, the "billions for illwill" tossed about by the US government have injected false economic props into the

economies of the rest of the nations of the free world.

On the State and local scene, the price of the Federal debt and the consequent high Federal taxes have brought on further complications. Many voters have trotted to the polls in recent elections to vote against all taxes, thus often preventing the carrying out of much needed projects, like docks, sewers and schools.

What can the taxpayer do? Just tossing out the incumbent and voting for the "newcomer" with no practical political and administrative experience is no solution.

The US government is getting to be so large and quasi-dictatorial that an amendment to the Constitution may be in order calling for a national plebiscite to let the voters decide directly on all foreign non-military spending. That would be a great help for the American taxpayer.

National Magazine Tackles Land Problem

In a series of articles, the August issue of *House and Home*, a *Time Inc.* publication, carefully researched and presented findings of America's rapidly growing land problem. *House and Home* is one of the conservative Luce magazines, and is geared for all elements in the housing industry. The entire issue is devoted to land.

"Land, say homebuilders, is our most critical problem. Despite millions of acres of open countryside in the United States, inflated land costs threaten to price good housing out of the market. Since 1950, land prices have soared anywhere from 100% to 3,760%. Prices like these," warns the magazine, "are danger signals." Is this due to a shortage of land? No, such talk is "nonsense", the magazine declares. "There is plenty of land ripe for housing," but it is priced beyond the reach because of "land speculation and land hoarding."

The remedy for skyrocketing land prices, the writers maintain, lies in taxes. "Today's taxes make misuse of land more profitable than good use. Today's taxes harness the profit motive backward. They give land specu-

lation a better tax break than any other business. Slums are subsidized by undertaxation, developments are penalized by overtaxation. Speculators are subsidized by public improvements for private profit. The only way to prevent land-price inflation is to tax land more heavily."

That is what is being done in many countries throughout the world. In varying degrees, they are putting heavier taxes on land to make it cheaper for people who want to buy and use it for productive purposes instead of speculation. Taxes are being removed from houses and other private improvements.

A land bust in the 1960's could bring about another panic or depression if nothing is done quickly to check the inflation because this land boom is blowing up to such monstrous size. "If this bubble can be deflated quickly and now," *House and Home* states, "the speculators will lose their profits. But, if we postpone the correction until much more land has been sold and covered with buildings mortgaged at prices that cannot be sustained, the credit structure of the country will be deeply involved, as it was before 1932. No economy can be sound and stable as long as its biggest asset is careening up and down on a \$500 billion roller coaster."

"Our tax system—local, state and national—gives land speculation so many special breaks that it has been by far the easiest way to get rich." That situation should be reversed, *House and Home* makes very clear. Taxes should take the profits out of land speculation, and those who use land for productive purposes should not be penalized by taxes on improvements.

Ed. Note. Although the price of a full issue of *House and Home* costs \$1.00, the *Taxpayers Digest* feels that much can be gained by reading this magazine and makes this special offer to its readers: the core of the August issue can be had for 50 cents a copy.

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LACK OF PURPOSE POINTS UP LOST GOALS

Voices recently heard, have asked: "Has the Great American Dream finally run its course and is fading away, as is the nature of all dreams?" What is so terrifying about this utterance is the fact that it has come to the surface of our national consciousness, as a symptom of the horrible underlying consequences.

Since the dawn of the Atomic Era, the individual has been relegated to a less and less significant role within his society. He feels that his voice, his vote, his very existence has become secondary to the great force which shapes the masses. New advances in advertising and the communication media have all added to the dehumanization of the individual, who has allowed himself to be swept along with the current, unresponsive, or entertaining false hopes.

This passiveness has paralyzed every stratum of our society: government, economics, education, social reform, our very daily thinking. It has certainly numbed our thoughts regarding taxation.

When the taxpayer is confronted with his dilemma, there is a griping which is nothing but a forelorn plea or a shrugging of shoulders suggesting hopeless helplessness. It is either the fear of being called "red" or "radical", or else the desire to maintain the status quo, both of which inhibit direct, positive thinking which would irresistibly lead to direct, positive action. Progress has become synonymous with something alien, suspiciously foreign. What has been forgotten is that the lack of progress will bring decadence.

Fortunately, there are men and women who will stand up against the name-calling and who have enveloped themselves in a goal, a purpose. They refuse to call on the State or any governmental agency to do for them what they can do for themselves. They refuse to accept a remedy without critical review and evaluation. Occasionally they advocate a

change so drastic that it repels the unthinking. The thoughtful are few in number and need help. What is important, however, is that they are thinking.

By its very nature, the solution which may affect many people in many walks of life, requires the combined efforts and talents of all voices. In this way, the final answer can be hammered out to what may have appeared initially an unrealistic proposition. This willingness to work for a common solution is lacking. Too many are waiting for a miracle or someone else to do it for them.

With the prevailing tendency to judge the new by the rules of the past, confusion immediately arises when some individual blazons his unorthodox idea across the horizon with complete disregard for old notions. The attempt to place these new forces into antiquated and narrow patterns of the past result only in frustration and sometimes irrationality. Because open minds have become confused with radical minds, seemingly only radicals can cope with changes.

When a house is about to crumble, one does not wait until it falls into a meaningless debris of rubbish before repairs are undertaken. Likewise, when a dream becomes stagnant or begins to fade, we must let new visions arise within us. The construction of a house is affected not only by the quantity of bricks, but by the quality of each brick as well. And the fate of a nation or community lies within the hands and the minds of all people who are, in the end, that nation or that community.—H. J. H.

PROPER TAXATION

"The reason that slum owners are making so much money that they hold their land for exorbitant prices is partly because they are permitted to pack too many people into their miserable dwellings, and partly because they are allowed to ignore the local health and sanitation laws. They boost their prices still higher when they hear that their land is to be bought by the local government for "slum clearance and redevelopment" projects. This slum land price boosting makes it necessary for the Federal government to contribute still bigger subsidies, taken from the taxpayers of the entire country."

"If these subsidies are to be reduced or avoided, clearly one way to go about it is to find ways of bringing the value of slum properties down before the taxpayers are asked to buy them. One way is to enforce local housing laws and building codes. This would go far to deflate the phony value which now makes condemnation of slums so costly."

"A still more important remedy is to raise the taxes on slum land."

"Low taxes on well-located, potentially very valuable pieces of land, 'improved' with rotting old slum dwellings, help to make it very profitable for the owner to continue renting slums."

"But suppose such property were assessed on the basis of its potential 'best use' under city plans and regulations designed to create a slumless city? If this were done, the realty tax would become a weapon in the city's anti-slum arsenal, giving property owners an incentive to prevent decay and to rebuild without the need for sweeping official action."

We publish these remarks by Mr. Albrook in the interest of the Portland taxpayers and hope that our thoughtful citizens will benefit from the experience of other cities.

Introduce us to your friends and neighbors. Fill out the following and they will receive one issue FREE! Mail to Taxpayers Digest P.O. Box 2506, Portland 3, Ore.

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