

June 3, 2013

Chair person Garrett and committee members

RE: HB3453

My name is Eric Schaafsma. I am a Josephine County citizen, Environmental scientist, small business owner and political activist.

I urge you to oppose, not support HB3453.

I would like to address opposition to this legislation in three ways. First, what is wrong with it legally, second, what is wrong with it economically, and third what will work to produce revenue for the O&C counties that are revenue challenged.

HB 3453: What is wrong with it legally? The Oregon State Constitution requires a 3/5 majority vote of the legislature to increase any tax. The situation in Josephine County is not a catastrophic emergency. Therefore it does not fall under the recently passed emergency power amendment. The Emergency powers Amendment does not grant authority to impose a taxing district. The governor does not have legal authority to establish a taxing district under section 32 of the State Constitution. The Board of commissioners in Josephine County are also prohibited in the county charter section 29.7 from imposing an income tax. The state cannot take power that is not granted to it.

Secondly, what is wrong with HB3453 economically? The county is composed of 1642 square miles, of which 70% are off the tax rolls and non-productive to the county coffers in property tax revenue. This 70% is also non-productive to the state general fund as it provides no income tax. These federally owned lands are also non-productive in timber harvest shorting O&C timber revenue to the county. Josephine county has a population of 82,987 (2011). 20% of the county residents are living under the poverty level. Of that population, 68,015 are of working age but only 22,630 are actually working. 12.3 % of those are government workers. That leaves one wage earner supporting two of the population. Putting additional income tax pressure on the working population to support public safety for the whole county is economically compromising and imbalanced.

Practically, the people of Josephine County do not see the current revenue status of the Sheriff's department as an emergency. Citizens have not been scared into carrying a financial burden that is not of their causing. The last eight property tax levy attempts to support the Sheriff's Department have failed at the polls. The people have presented plans and systems to the sheriff and the BCC. Plans to augment the Sheriffs capacity to respond to crimes in progress, perform crime scene investigations, work cold case files, assist with administrative tasks, and support the jail staff and protect schools that would cost substantially less than past budgets.

Thirdly, what will work to generate revenue for the county? The Oregon Constitution Article XV created the State Lottery Commission stating that all proceeds after administrative fees and payment of prizes, "shall be used for any of the following purposes: creating jobs, furthering economic development, financing public education in Oregon or restoring and protecting Oregon parks, beaches, watersheds and critical fish and wildlife habitat." Section 4(4) and 4(5) tie up 30% of the lottery funds in Education and parks and natural resources. In 2012, Josephine County generated \$9,646,151 in lottery sales, net after commissions. That leaves approximately \$6.7 million dollars that could be returned to the county for creating public safety jobs. That would immediately remove any challenge to the county Sheriff's department. A piece of legislation could direct the remaining lottery revenues back to the county. Problem solved in two weeks or less. To make this partial solution more permanent, a referendum to the voters to amend the state constitutional provision regarding the lottery fund could be put on the November ballot.

The long term solution must address the fact that the problem for the revenue challenged O&C counties derives from the federally created dependence on timber revenue and the failure of the feds to harvest the timber. It is the counties that have standing to compel the federal government to obey the 1937 O&C Act as they are the direct beneficiaries. They must do it. The state legislature could put a conditional provision in the lottery fund assistance that the counties take up the action to compel the Federal government to honor the O&C Act. The counties should request action by congress to clarify that O&C lands are special purpose lands exempt from the critical habitat contribution requirements of NEPA and put them into production. Conversely the counties could request congress to cede or sell the O&C lands to the respective counties. That would solve the issue permanently and be a big boon for both the counties and the state.

In summary, we oppose HB 3453 because it does not pass the constitutional test. Placing a focused income tax on a depressed county is unfair and counterproductive. In opposition to HB 3453, viable funding options are available for the county public safety that would not negatively impact the economy of Josephine County, immediately and long term. It just requires action. If the real problem is not going to be addressed, at least clear the deck for the people to protect themselves and their property.