

Measure No. 2**Automatic Adoption, Federal Income Tax Amendments**

Proposed by the Fifty-fifth Legislative Assembly by House Joint Resolution No. 3, filed in the Secretary of State June 13, 1969, and referred to the people as provided by Section 1, Article XVII of the Constitution.

Explanation**By Committee Designated Pursuant to ORS 254.210**

On June 13, 1969, the present Oregon income tax law became effective for the purpose of simplifying Oregon personal income taxes. Simplicity was achieved by conforming Oregon's definition of taxable income to federal taxable income.

To maintain conformity, it is essential that future changes in federal tax laws are promptly and easily adopted by Oregon. Failure to adopt such federal changes would recreate the two sets of income tax rules which the simplification bill is intended to eliminate.

The purpose of HJR 3 is to amend the Oregon Constitution to allow the Legislature to automatically adopt changes in federal taxable income for state income tax purposes. Under the proposed Constitutional Amendment the Legislature will be required to review all federal tax changes at each regular session (optional at special sessions) and if it chooses may reject or modify such changes. If no action is taken, changes in federal taxable income are automatically adopted. The Legislature retains its power to set income tax rates and permit credits.

HENRY S. BLAUER, Portland
MYRON J. FLECK, Portland
HUBERT E. WALKER, Portland

Measure No. 2

Automatic Adoption, Federal Income Tax Amendments

Argument in Favor

by Legislative Committee Pursuant to ORS 255.421 (3)

House Joint Resolution 3 is necessary to preserve the advantages of having the same tax laws for both state and federal. Otherwise, Oregon taxpayers in preparing their Oregon returns will have to look back to the federal changes last adopted by the Oregon Legislative Assembly to find the Oregon income tax law.

House Joint Resolution 3 will save the state and the taxpayers time and money by keeping the method of filing state income tax returns relatively simple. This has already been demonstrated in the filing of the 1969 Oregon Personal Income Tax returns where most taxpayers simply attached a copy of their federal return to a very simple Oregon return.

In keeping the Oregon and the federal laws the same, full advantage may be taken of administrative and court interpretations, rulings and decisions, by both the taxpayer and by state administration.

In the past, many taxpayers have believed that Oregon law was like the federal law in all respects. They filed their returns on this basis, making many errors in those areas where the laws differed. HJR 3 would substantially lessen the possibility of such errors by allowing the Oregon law to keep abreast of the federal changes despite legislative inaction.

Senator Donald R. Husband, Eugene
Representative Floyd H. Hart, Medford
Representative Sam Johnson, Bend

Measure No. 2**Automatic Adoption, Federal Income Tax Amendments****Argument in Opposition****Submitted by Women's Legislative Council, P.O. Box 18353,
Portland, Oregon 97219****VOTE "NO" ON MEASURE 2****MEASURE 2 BROADENS LEGISLATIVE AUTHORITY OVER CHANGES IN THE STATE INCOME TAX PROVISIONS WITHOUT A VOTE OF THE PEOPLE.**

Presently, the voter is protected from new state taxes and new state tax authority by the voter's right of referendum.

MEASURE 2 PROPOSES THAT OREGON FOLLOW THE FEDERAL GOVERNMENT IN LOCK-STEP ON RULES, REGULATIONS AND DEDUCTIONS ON STATE INCOME TAX FORMS.

After wrestling with the 1969 "new" tax form, most people agree that simplification and improvement of the Oregon State Income Tax form is needed, BUT . . .

A CONSTITUTIONAL AMENDMENT BROADENING THE TAXING AUTHORITY OF THE LEGISLATURE . . . AND CONTAINING NO PROVISION FOR APPROVAL BY THE VOTERS . . . IS NOT A SATISFACTORY ANSWER TO THE PROBLEM OF A COMPLICATED AND CONFUSING STATE INCOME TAX FORM.

VOTE "NO" ON MEASURE 2

Measure No. 2

AUTOMATIC ADOPTION, FEDERAL INCOME TAX AMENDMENTS

Be It Resolved by the Legislative Assembly of the State of Oregon:

Paragraph 1. The Constitution of the State of Oregon is amended by creating a new section to be added to and made a part of Article IV and to read:

Section 32. Notwithstanding any other provision of this Constitution, the Legislative Assembly, in any law imposing a tax or taxes on, in respect to or measured by income, may define the income on, in respect to or by which such tax or taxes are imposed or measured, by reference to any provision of the laws of the United States as the same may be or become effective at any time or from time to time, and may prescribe exceptions or modifications to any such provisions. At each regular session the Legislative Assembly shall, and at any special session may, provide for a review of the Oregon laws imposing a tax upon or measured by income, but no such laws shall be amended or repealed except by a legislative Act.

Note: Matter in *italics* in an amended section is new; language [lined out and bracketed] is existing law to be omitted; complete new sections begin with Section.

BALLOT TITLE

AUTOMATIC ADOPTION, FEDERAL INCOME TAX AMENDMENTS—Purpose: To simplify preparation of income tax returns, the 1969 Oregon Legislature passed a law which provides that the Oregon income tax will be computed by a method closely corresponding to the federal income tax. This Constitutional Amendment provides that when U. S. Congress changes method of computation, the changes are automatically adopted into Oregon law. The Oregon Legislature, however, must review such changes when it meets in regular session and may modify or reject them.

YES NO

Measure No. 3**Constitutional Amendment Concerning County Debt Limitation**

Proposed by the Fifty-fifth Legislative Assembly by House Joint Resolution No. 22, filed in the office of the Secretary of State June 13, 1969, and referred to the people as provided by Section 1, Article XVII of the Constitution.

Explanation**By Committee Designated pursuant to ORS 254.210**

Since its original enactment in 1857, the Oregon Constitution has restricted the total amount of county debt and liabilities to \$5,000. An exception is bonded debt when approved by a vote of the people. The limitation applies to all county operations including the contract purchase or lease of equipment, land, buildings and improvements used for public purposes.

The legislature has previously approved the purchase or lease by contract of certain property by rural fire protection districts, port districts and school districts. None of these districts or cities is restricted by Constitutional limits.

Measure No. 3 would establish new limitations for liabilities resulting from contract purchases and leases. This amendment would permit a county to enter into agreements, not to exceed 10 years, to purchase or lease real and personal property. Total annual payments for all such agreements combined could not exceed \$50,000. Another revision would permit counties to contract with the State of Oregon for services, but without time or dollar limitations. The \$5,000 debt limit would remain for all other purposes.

Few counties, if any, have sufficient current revenues to make an outright purchase of equipment such as data processing systems or road building equipment. The outright purchase of real property for park and recreation uses or public roads is an equally imposing burden. The proposed amendment would permit a county to acquire property for public use with payment from current revenue rather than incurring bonded indebtedness.

Present statutory and constitutional limits on tax levies, and present statutory limitations on debt imposed on all units of local government, including counties, will remain unchanged. It would extend to county governments, a practice common to most businesses; planning for the future on a long-term basis.

KURT ENGELSTAD, Salem
G. J. GUTJAHR, Portland
TIMOTHY C. TITUS, Portland