

# Union chief urges caution on unitary tax

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Irv Fletcher

Oregon AFL-CIO president Irv Fletcher says politicians who are scampering to support repeal of the state's unitary corporate tax are "like lemmings heading for the cliff."

During a brief visit to Medford Wednesday, Fletcher questioned the unitary tax becoming such a hot issue in the past six months.

He contended that politicians and government officials have "blindly" decided that the tax is bad for economic development and Oregon.

"They ought to at least sit down and think about it," he said.

Under the unitary tax system, Oregon sets a corporation's tax rate based on the company's amount of worldwide earnings, not just the amount earned in Oregon. Oregon is one of 12 states with such a tax system.

"It's worked well in Oregon for the last 20 years," Fletcher said. "Why modify it?"

A Japanese business delegation recently expressed concern about the tax system, which prompted many business people and govern-

ment officials to call for elimination of the unitary tax.

Gov. Vic Atiyeh has adopted a more moderate stance, calling for the 1985 Legislature to revamp the unitary tax so only a company's U.S. earnings are used to set a tax rate.

Revamping or eliminating the system would help in Oregon's campaign to attract new industry, supporters say.

Fletcher said Oregon would have a big financial problem if it eliminated the unitary tax.

Atiyeh estimates the state would lose \$18 million to \$23 million in tax income from corporations that already are operating in Oregon if it revamped the unitary tax system.

As far as economic development goes, Fletcher asked if Oregonians are willing to eliminate the system and revenues because a couple of companies say they might think about coming here if the tax system is changed.

"The governor hasn't offered any specific plan to supplant that" lost income, Fletcher said. "You either raise taxes or cut the general fund. We don't support either."

Fletcher said Oregon corporations have increasingly paid a smaller proportion of the cost of government. He said 25 years ago, 20 percent of the general fund tax revenue came from the corporate tax.

"Today it's 8 percent," he said. "Who's going to be the chief beneficiary of changing the unitary tax? The big corporations who are already here. The Medcos, the Weyerhaeusers, the Georgia-Pacifcics, the Boise-Cascades."

He pointed out that Florida has a unitary tax and is ranked the No. 1 business climate in the country.

Turning to November campaign issues, Fletcher said the Oregon AFL-CIO's top goals are defeating Ronald Reagan and the 1½ percent property tax limitation measure.

"It's as onerous as it was the last four or five times it has been on the ballot," he said of the measure. "We will continue to oppose it as we have in the past."

He said the measure might stand a chance of passing this time around if big business doesn't work to defeat it again.