

1984 STATE OF THE STATE ADDRESS  
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PREPARED TEXT

As we address the state of the State of Oregon, we must take a quick look back to where we have been, and at what we have done, to give ourselves a clearer understanding of where we must go.

Let us begin by looking back.

Today, we are emerging from a four-year recession that in many ways hit Oregon harder than any other state in the Union.

While housing starts fell by half nationally, housing starts in Oregon declined nearly 80 percent.

While other timber-based state economies suffered acute joblessness, Oregon lost more timber jobs than any other state.

For the first time in nearly a quarter-century, Oregonians watched in disbelief as the economy contributed to the failure of six banks in three years.

Business, education, government ... every area of life in Oregon recognized factors beyond our control had temporarily placed limits on how much we would ... or could ... do.

In State government, economic dictates of the past four years have forced program rollbacks, employee cuts, salary reductions and spending limits.

As the worsening economy pushed State government tax revenues lower in 1980, I called my first special session of the Legislature to rebalance the State budget. It was a harbinger of greater challenges yet to come.

In 1981 Oregonians witnessed the longest legislative session in our State's history.

In 1982 I was forced to call three more legislative special sessions to keep the State budget in balance. The first of these was the longest legislative special session in Oregon history.

And in 1983 we had not only the second-longest legislative session on record, but I also called a special session to enact property-tax relief.

Our understanding of the economy's impact upon Oregon becomes even sharper when we realize that, in its 125-year history, Oregon has had only eight special sessions to rebalance the State budget ... and I called four of them.

One year ago this month, Oregon was in the deepest trough of our economic misery with nearly 177-thousand of us out of work.

A deadline on federal timber contracts threatened not only to rob Oregonians of thousands' more jobs, but also to bankrupt much of our timber industry.

One year ago, as the 62nd Legislative Assembly convened in Salem, I once again proposed a lean State budget that put an emphasis on stretching restricted resources to serve Oregonians better.

As Oregonians, we knew individually and collectively we had a choice.

We had a choice of how we would weather 1983 ... just as today we have a choice of how we will face up to the challenges and opportunities of 1984.

Even as we entered 1983, we knew we would continue to face a magnitude of hardship Oregonians had not known for nearly five decades.

But Oregonians and Oregon state government did not bend, buckle or break, even as we were being mercilessly tested by an unforgiving economy.

Instead, Oregonians and State government grabbed our challenge as if it were a brass ring. We seemed to realize, to paraphrase Harry Truman, that being an Oregonian was like riding a tiger .... You had to keep on riding or you would be swallowed.

As Governor, I am proud of how Oregonians have responded to an economic challenge perhaps more demanding than any we will ever confront again.

I am proud of how we once again drew upon our Oregon spirit ... our strength of character, our uncommon courage, and our reservoir of commitment to the future.

Oregonians are an uncommon people.

We proved that once again in 1983 when ... despite unparalleled modern-day economic adversity ... we lived up to our reputation as a national standardbearer.

We wrote land-use-appeals legislation that is unique in the nation for the certainty and predictability it gives to business.

We gained national attention for further dramatic reductions in our Workers' Compensation premiums.

We wrote some of the nation's toughest laws to fight the tragedies of drunken driving.

We wrote landmark legislation that is the nation's first attempt at a statewide solution for woodsmoke pollution.

We received an industry award for having the fastest plant site-inventory system of its kind in the nation.

We passed landmark legislation for local property-tax relief.

But it is the people ... it is Oregonians with a strong work ethic, Oregonians with fundamental values, and Oregonians with a clear vision ... who give this land we call Oregon its unique character.

It is people like the 10-thousand Oregonians who last year pledged more than a million dollars to preserve in public ownership 12 miles along the Deschutes River at its confluence with the Columbia.

It is people like Hazel Simms of Eugene, who in 1979 retired on a Saturday, who saw a possibility to volunteer on Monday, and who has been teaching handicapped adults to swim ever since.

It is people like those in Pendleton who took the initiative to welcome a state prison into their community ... an initiative that not only will help relieve prison crowding in Oregon ... but that also will give Oregon its first regional corrections facility outside Salem.

It is people like junior high school principal Wes Smith of Ashland, who proposed innovative legislation to keep intoxicated teen-agers off our highways ... first-in-the-nation legislation other states are looking to as a model.

It is people like those Oregonians who during fiscal 1983 donated more than 6-million pounds of food and in excess of 60-thousand volunteer hours to Oregon Food Share, which is the nation's first statewide food bank.

As I mark 25 years as an Oregon elected official and five years as your Governor, I have never been prouder of my State than I am today.

But mixed with my pride is a measure of disappointment that conditions we could not control have prevented us from doing even more.

I have three more years as your Governor. I have a vision for those three years ... and I want to accomplish as much as possible this year.

I am asking you to share my vision for achieving unprecedented progress this year in three areas:

First ... assurance of Oregon's lasting prosperity.

Second ... stewardship of Oregon's bountiful resources.

And third ... full equality for Oregon's diverse people.

When I became Governor in 1979, I declared Oregon was once again "open for business."

Behind that statement lay my vision of a broad-based effort to improve Oregon's business climate, to diversify Oregon's economy and to create meaningful jobs for every Oregon working man and woman.

We are doing that.

We are doing that with an increasingly successful program of economic development that can be supported by business, by labor, by environmentalists ... by every segment of the Oregon economy.

During the past five years we have aggressively told the Oregon Story far beyond our State borders.

Business leaders ... both American and international ... are now telling us our message has attracted their attention and captured their imagination. And in numbers that may be unprecedented in our history they are coming to Oregon to have a look.

They are liking what they are finding ... an unsurpassed quality of life ... an educational system of proven quality that is moving toward tougher standards ... a productive labor force that out-of-state executives cite when bringing new payrolls to Oregon ... a responsible regulatory climate ... and a thriving program of financial and technical assistance to help business maintain and expand payrolls in Oregon.

But one factor continues to slow our momentum in attracting payrolls to Oregon.

That factor is taxation.

As we prepare to go to the 63rd Legislative Assembly next January, we are investigating the impact of the so-called unitary tax on multinational corporations doing business in Oregon.

I say "so-called" because it is used as an auditing device only if all other methods fail.

Oregon's unitary approach to taxing multinational corporations is different from that of California.

But there is growing evidence that any kind of unitary approach to taxing multinational corporations ... an approach Oregon adopted nearly three decades ago ... is increasingly unpopular with corporations considering expansion.

At my direction, the State Revenue and Economic Development departments are investigating whether the negative image of this tax squares with the facts ... whether we are being sufficiently flexible in our administration of this tax ... and what alternatives exist to the unitary tax.

In addition, I am working toward a reduction in the State personal income tax. I hope to ask the 1985 Legislature for such a reduction.

This reduction would come from a continued tight rein on State government spending coupled with increased tax collections resulting from a rebound in Oregon's economy.

As I meet with State agency directors, I am telling them to prepare lean budgets for the 1985-87 biennium.

I am telling them even with an accelerated economy we will not return to "business as usual." I am telling them we will dedicate as much of our economic rebound as possible to reducing taxes.

For 1981, the U.S. Census Bureau reported Oregon's personal income tax as a percentage of personal income was the nation's second highest.

I am convinced Oregon's relatively high personal income tax is a barrier to Oregon in reaching our full economic potential.

I am convinced Oregon's relatively high personal income tax is a disincentive to entrepreneurs and to out-of-state corporate executives who can create new payrolls for Oregonians.

I am convinced Oregon is asking its personal income tax to contribute too much energy to our revenue engine.

I am committed to reducing this tax.

I am committed to a tax reduction that will send an unmistakable message about Oregon's unbending commitment to pursuing investment in new payrolls ... investment by both Oregon and out-of-state companies.

A second area of special concern to every Oregonian is our land.

Oregon's economy ... Oregon's quality of life ... and Oregon's unique beauty are built upon the land.

We built Oregon by working our forests, our farms and our fisheries. We will not forget that these rich natural blessings will continue to be the keystone of our economy.

Several weeks ago, I received a letter from 8-year-old Brandy Grace of Springfield's Guy Lee school.

"Let's get serious," she wrote me. "We are studying about pollution ... If you have any ideas will you please write to me."

Yes, Brandy, I do have ideas.

And you are lucky to live in a state where people have had the vision to protect public access to our beaches, to adopt a first-in-the-nation "bottle bill," to clean up the Willamette River and now to be near completion of the nation's first comprehensive statewide land-use plan.

Brandy, now my number-one environmental priority is preservation of the scenic Columbia River Gorge.

Both Governor Spellman of Washington state and I support legislation now before Congress that would establish a Columbia River Gorge Commission to protect, conserve, enhance and manage this valuable natural resource for future generations.

I am asking every Oregonian to become involved in this campaign to save the Columbia River Gorge from helter-skelter development ... to become involved by learning more about this issue ... and to become involved by urging Congress to pass this much-needed protective legislation.

Today I am announcing that Governor Spellman and I are extending an invitation to the President to visit the Gorge.

We want to show the President why so many Oregonians and Washingtonians are committed to this effort.

And we want to enlist the President's support for the Gorge.

The President is a Westerner with a commitment to the land ... a commitment he demonstrated, for example, by his five-year, billion-dollar Park Restoration and Improvement Program.

In viewing the future of the Columbia Gorge ... perhaps more than in any previous environmental battle Oregonians have waged and won ... we must recognize the permanent loss that would result from sacrificing the future on the altar of the present.

Finally, I have a commitment ... and I cannot emphasize this too strongly ... a commitment to bringing all of the people of Oregon to full equality.

We must bring to our State's human resources the level of energy, of leadership and of sensitivity we have shown toward Oregon's natural resources.

We must each show that strength of commitment to guaranteeing equality for all Oregon citizens ... of whom nearly one in 12 are minorities.

It was in this spirit in 1981 that I proposed successful legislation against racial harassment.

Today, minorities in Oregon still suffer from acute joblessness that is nothing short of unacceptable.

During 1982 ... the most recent year for which figures are available ... the statewide unemployment rate for all Oregonians was 11.3 percent.

But the rate for Hispanics was 18.4 percent ... and the jobless rate for blacks was 19.3 percent.

The frustrating picture of unemployment among Oregon's minority youth is even more tragic.

For blacks ages 16 to 19, we estimate unemployment approached 30 percent in 1983 ... or nearly triple our preliminary estimate of unemployment among all Oregonians last year.

Within the next few weeks, I will announce a major initiative to deal with this critical issue.

I feel deeply about this question.

And so long as I am Governor, I intend to keep this issue alive.

My faith in Oregon is predicated upon the unique combination of our creative people, our abundant natural resources, our rich heritage and our vision of ourselves.

My vision is an Oregon that can live up to its full potential ....

\* its potential for providing equality to all its citizens.

\* its potential for adding the Columbia River Gorge to the valuable natural and scenic resources Oregon is protecting.

\* and its potential for achieving a full measure of lasting economic prosperity.

Together we can do it all.

Together we can not only admire the tapestry of what Oregon is today ... but we also can dream, shape and act on the vision of what Oregon is on the crest of becoming.

Together we can maintain Oregon's national reputation as a steward of our human and natural resources while also building Oregon's economy to a level of stable prosperity Oregonians have never known.

I ask you to join me in this effort.

I ask you to join me in fashioning this critical chapter of the Oregon Story.

I ask you to join me in setting a goal for 1984 ... a goal of calling upon our common desire for a prosperous future, our sensitivity to the environment and our humanity to our fellow citizens ... to make our State better than it has ever been ... and better than we ever thought it could be.

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