

REMARKS BY GOVERNOR VIC ATIYEH  
PRESS CONFERENCE  
CAPITOL BUILDING  
SALEM, OREGON  
FEBRUARY 17, 1982

PREPARED TEXT

NEVER IN HISTORY HAS THIS STATE'S GOVERNMENT BEEN  
CONFRONTED WITH A PROJECTED DEFICIT OF 337 MILLION DOLLARS.

NEVER HAS THERE BEEN SUCH A SEVERE THREAT TO THE STATE'S  
ABILITY TO PROVIDE PEOPLE WITH PROMISED SERVICES.

IT IS EASY TO PINPOINT THE MAJOR CAUSES OF OUR  
DILEMMA. / MANY PEOPLE HAVE LITERALLY TURNED UP THEIR NOSES AT  
SINCERE EFFORTS TO BROADEN OUR ECONOMIC BASE. / I HAVE PROPOSED TO  
THE LEGISLATURE A STRONG ECONOMIC RECOVERY PROGRAM. / BUT EVEN IF  
IT WERE ADOPTED TODAY, / WE WILL NOT SEE OVERNIGHT RESULTS AFTER  
YEARS OF NEGLECT.

MORE AT FAULT FOR OUR SITUATION IS THE HIGH LEVEL OF  
INTEREST RATES. / FEDERAL DEFICIT SPENDING CONTINUES TO MAKE A  
MOCKERY OF THE HOPES OF ~~THE~~ MILLIONS TO BUY A HOME THIS YEAR.  
HOUSING STARTS - / UPON WHICH OREGON IS SO DEPENDENT -- / ARE AT A  
VIRTUAL STANDSTILL. / TENS OF THOUSANDS OF OREGONIANS SUFFER  
BECAUSE OF IT.

OREGON --/ AND THE NATION --/ CANNOT STAND ANOTHER RECORD-  
SETTING FEDERAL DEFICIT. / NO MATTER WHO PROPOSES IT, I WILL HAVE  
NO PART OF SPENDING OURSELVES INTO OBLIVION.

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AT THE START OF THIS SPECIAL SESSION OF THE LEGISLATURE,  
I THOUGHT WE KNEW THE SIZE OF OUR FINANCIAL PROBLEM. / I PRESENTED  
A PLAN FOR DEALING WITH IT. / IT WAS FAIR IN MATCHING THE NEEDS OF  
OREGONIANS WITH THEIR ABILITY TO SUPPORT THOSE NEEDS.

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I DO NOT BELIEVE ANYBODY WAS ELECTED TO TELL THE PEOPLE  
HOW HARD IT IS TO MAKE A DECISION. / I WAS ELECTED TO MAKE THE  
HARD DECISIONS. / AND, IRONICALLY, I HAVE MADE MY OWN HARD  
DECISIONS HARDER. / THIS WILL BE THE FOURTH BUDGET CUT SINCE I  
TOOK OFFICE / AND ANY EASY ANSWERS HAVE BEEN SQUEEZED OUT OF THE  
BUDGET.

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WHEN THE DEFICIT WAS EXPECTED TO BE 240-MILLION-DOLLARS,  
I PROPOSED A VARIETY OF WAYS OF OVERCOMING IT. / NONE OF THAT  
ORIGINAL PROGRAM HAS BEEN CHANGED.

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I SUGGESTED A 120-MILLION-DOLLAR REDUCTION IN STATE  
AGENCY SPENDING, / A SPEEDUP IN COLLECTION OF WITHHOLDING TAXES, /  
NEW EMPHASIS ON COLLECTING DELINQUENT TAXES, / AND AN INCREASE IN  
TAXES ON BEER AND WINE.

ALL OF THAT IS FAMILIAR TO THE LEGISLATURE. / THERE ARE NO NEW COMPLICATIONS. / I DO NOT BELIEVE IT SHOULD TAKE THE LEGISLATURE ANY GREAT DEAL OF TIME TO ACT ON THESE IDEAS.

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BUT ACCEPTANCE OF THIS PROGRAM WILL NOT MAKE TODAY'S PROBLEM GO AWAY. / AND I DO NOT BELIEVE THAT WE CAN GO BEYOND MY RECOMMENDATION FOR REDUCING GOVERNMENT EXPENSES, / BECAUSE I KNOW THAT MY BUDGET PUSHED THAT ANSWER TO THE OUTER LIMITS.

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~~SINCE THEN~~ THE PROBLEM HAS BECOME ENORMOUS. / <sup>However</sup> IT STILL MUST BE DEALT WITH, ~~HOWEVER~~, AND I WILL DEAL WITH IT. / BUT I REQUIRE SOME COOPERATION FROM THE LEGISLATURE THIS TIME. / MY PLAN REACHES OUT IN SEARCH OF THAT COOPERATION.

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IT COMES DOWN TO THIS: WE HAVE TO HAVE MORE MONEY.

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SOME PEOPLE HAVE SUGGESTED THAT THE BUDGET BE BALANCED WITH CUTS IN STATE EMPLOYEE SALARIES. / I HAVE ALWAYS BELIEVED THAT OREGON GOVERNMENT SHOULD LEAD / OR MATCH / SOLUTIONS TO PROBLEMS WE ALL SHARE - / AND THAT IS WHY, SINCE JULY OF 1979, WE HAVE 2,400 FEWER PERSONS WORKING IN STATE GOVERNMENT, / WITH 500 MORE TO COME AS THE RESULT OF MY BUDGET REDUCTIONS.

SOME LEGISLATORS HAVE RECOMMENDED AN INCREASE IN INCOME TAXES TO HELP MEET THE DEFICIT. // I AM NOW ADVISING THEM THAT IF THEY WILL ACCEPT MY BUDGET REDUCTIONS, // I WILL ACCEPT THEIR PROPOSAL TO RAISE MORE MONEY -- BUT I AM NOT GOING TO DO IT EXACTLY THEIR WAY.

I AM PROPOSING, // INSTEAD, // REPLACING THE STANDARD PERSONAL INCOME TAX EXEMPTION WITH A TAX CREDIT. // EVEN THOUGH IT WILL INCREASE INCOME TAX REVENUE BY 37-MILLION-DOLLARS, THIS WILL NOT FURTHER DISADVANTAGE THE UNEMPLOYED OR THE UNDER-EMPLOYED. // LOW-INCOME TAXPAYERS WILL BENEFIT.

MORE THAN ANY OTHER PROPOSAL ADVANCED TO DATE, // THIS PROGRAM WILL RECOVER THE FUNDS NECESSARY FROM THOSE MOST ABLE TO PROVIDE THE ADDITIONAL SUPPORT GOVERNMENT PROGRAMS DESERVE. // IT IS A PROGRESSIVE PLAN. // IT IS FAIR.

I AM ALSO RECOMMENDING, // AS I HAVE BEFORE, // CONSOLIDATING THE STATE'S TWO PROPERTY TAX RELIEF PROGRAMS. // I STILL DO NOT THINK WE CAN JUSTIFY TAX RELIEF FOR THOSE WHOSE EARNINGS ARE FAR BEYOND INCOME OF OREGON WORKERS.

COMBINING THE PROGRAMS, // AND PROVIDING RELIEF ONLY FOR ONLY THOSE WITH INCOMES UNDER \$35,000, // WILL SAVE THE STATE GENERAL FUND \$35 MILLION IN THIS BIENNIUM. // AND IT WILL PUT A FLOOR UNDER THE BOTTOMLESS PIT INTO WHICH WE HAVE BEEN SHOVELING MONEY.

STATE PROPERTY TAX RELIEF PAYMENTS SEEM TO HAVE BEEN THE IMPETUS FOR MORE LOCAL PROPERTY TAXATION. / WE HAVE TO STITCH UP THE ARTERY BEFORE EVERYBODY IS bled TO DEATH.

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BESIDES THESE MAJOR STEPS TO INCREASE AND CONSERVE STATE GENERAL FUNDS, / I HAVE MADE SOME MINOR REFINEMENTS IN MY ORIGINAL PLAN THAT / TAKEN TOGETHER / RESULT IN A BALANCED BUDGET.

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LEGISLATION TO ACCOMPLISH THESE GOALS WILL BE READY FOR INTRODUCTION TOMORROW. / THE PROPOSALS TO INCREASE REVENUE FROM THE BEER AND WINE TAX AND THE PERSONAL TAX CREDIT WILL BE FOR ~~ONLY~~ <sup>ONLY</sup> ONE YEAR. THE NEXT REGULAR SESSION OF THE LEGISLATURE WILL HAVE A CLEAN SLATE WITH WHICH TO WORK.

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THERE IS NOTHING IN MY PLAN THAT IS DIFFICULT TO UNDERSTAND. / IT IS CLEAR / AND IT WILL WORK.

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AND SO I AM SUGGESTING TO THE LEGISLATIVE LEADERSHIP THAT THEY STAY IN SESSION AND ACT ON THIS PLAN.

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I AM ASKING THAT LEGISLATORS ACT FAVORABLY, / WIND UP THE PEOPLE'S BUSINESS, / AND CALL IT A DAY.

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