



STATE OF OREGON

INTEROFFICE MEMO

TO: Governor

DATE: July 24, 1984

FROM: Gerry 

SUBJECT: Unitary Tax Repeal Committee

I met today with Allen Willis, Boise Cascade; Fred Van Natta and Jim Irvine, Home Builders; Ike Regenstreif representing Northwest Strategies and the Portland Unitary Tax Study Group; Blanche Schroeder, Portland Chamber; Rob Douglas, CPAs; and Rich Munn.

Here is the current situation as we see it.

Joint House and Senate Revenue Committee will convene tomorrow at 10 a.m. to hear legislative staff reports until noon. They will reconvene at 1 p.m. and begin public testimony. Public testimony will be carried over until Thursday a.m. if necessary to be followed by a work session on the unitary tax. Thursday p.m. will be dedicated to the border tax.

Scheduled to appear in support of the unitary tax from our side will be the team of Randy Miller, Malcolm Russ and Glenn Ulmer. These three will testify as a team representing the Portland Unitary Tax Study Group. Randy will testify from the economic development standpoint, Russ will testify on the basis of the impact on companies such as his and the potential small business spinoff and Ullmer will testify on the technical support of this proposal.

Lon Imel will testify and present a letter of support from Earl Kirkland. A small businessman from downstate will testify. Name is not yet known.

Northwest Strategies will submit a letter for the record. Their letterhead contains both well-known small and large businesses.

The CPAs will testify as well as submit their letter in support for the record.

At least two to three downstate chambers will testify and we are in the process of checking for testimony from either *Jim Bernau,* John McCully or Hank Crawford. It is possible AOI will testify and we are asking that should their position be favorable for your bill, they allow only Gary Carlson.



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The Home Builders will submit their letter for the record.

The only known opposition to date is Vern Cook who has indicated he will testify.

Bob Baugh and Irv Fletcher of AFLCIO are rumored to testify in opposition, but Imel has indicated to me they will arrange to be out of town that day.

It is also possible that Carolyn Gaudrey will testify as a member of the Small Business Council.

We continue to receive rumors that Ryles, Hannon and Simmons continue to be nervous. In all my conversations they seem to be solidly placed. However, we do have reason to believe that the "mafia" group got to L. B. Day on the changes they were requesting and that Rich and I discussed with you yesterday morning. It could be that L. B. has agreed to try to get those changes in your bill which then causes nervousness for the three senators. Reportedly their nervousness stems from possible amendments to the Governor's bill.

Mr. Wada of Sony has agreed to come into Oregon to hold a public meeting in Eugene discussing the positive aspects of the repeal of the unitary method and how it could positively impact economic development for Eugene. He may also privately visit with Ed Fadeley.

Katz, Lindquist, Hostika, McFarland and McCracken and Myers are all involved in an effort to amend your bill to achieve graduated corporate tax scale. All lobbying effort has made it clear that your bill and only your bill is acceptable. A graduated scale would not be tolerated.

Attached is a copy of the latest vote countdown. It appears we now have 21 yeses in the Senate and 45 in the House. Some will need continual propping up as well as an effort to avoid amendments. Work will continue with an all-out effort to solidify Friday and Monday.

There is concern who Grattan will replace Jane Cease with on the House Revenue Committee, although it is my belief Gratten will be careful that the right kind of person will be placed. There continues to be concern about the Senate Revenue Committee composition, who will be appointed as chairman and who the one additional member will be.

Our Republican members of the Revenue Committee are also concerned about efforts to amend the Governor's bill and we are going to arm Nancy Ryles with as much information about the negative implication of adding a graduated corporate

P.S. Legislative revenue will probably come in with an estimated revenue impact of \$15 million.