

Hot News Today!

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Editorials, Forum

# Veterans home loan program in jeopardy

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WASHINGTON — Oregon's veterans home loan program was dealt a potentially fatal blow by the House of Representatives Wednesday when it passed 318-97 the revenue-raising 1984 Tax Reform Act.

The act would severely limit the program's ability to sell tax-free bonds through 1988, when that authority would be eliminated entirely.

The Oregon program, with \$5 billion in outstanding bonds, is the largest home-financing authority in the country outside the federal government.

Its existence depends entirely on the proceeds from the sale of tax-exempt bonds, which the new bill seeks to restrict because of the loss of revenues. It is estimated the federal treasury loses about \$24 million in tax income for every \$1 billion in sales of tax-free bonds.

The last hope of saving the Oregon program lies with a conference committee, which will be used to iron out differences between the House-passed measure and a competing deficit-reduction bill making its way through the Senate.

Oregon Sen. Bob Packwood, second-ranking Republican on the Senate Finance Committee, pushed amendments through that panel last month eliminating provisions similar to those in the House-passed bill injurious to the veterans program.

Packwood will be a member of the conference committee.

Packwood said Wednesday it will take the "concerted, cooperative and deliberate effort of the entire delegation" to lobby House conferees to exempt the Oregon program in reaching a final version of the bill.

The House vote divided Oregon's five-member congressional delegation along party lines Wednesday.

Republicans Denny Smith and Bob Smith voted against it. Democrats Les AuCoin, Ron Wyden and Jim Weaver voted for it.

For the Democrats, the bill placed them in the politically sensitive position of voting for a deficit-reducing bill at the potential expense of an Oregon program they all support.

"Do I vote against this part of a deficit-reduction strategy because I disagree with what it does for veterans or do I vote for it because of a more

terrifying concern — the growing federal budget deficit," AuCoin said before the vote.

"I will vote for it because I am terrified about the magnitude of the deficit," he said.

AuCoin and Weaver both said the state delegation will have more influence over House conferees to exempt the Oregon program if they supported the House measure.

"We will have more influence if we are seen supporting the bill," Weaver said. "It is our best bet in a difficult situation.

"Except for the deficit reduction aspect of this bill, it is a very bad bill for Oregon," Weaver said.

Denny Smith said he voted against the measure not only because of its impact on Oregon veterans, but because he is opposed to raising taxes.

Bob Smith, speaking in opposition to the measure on the House floor, urged others to vote against it because it would cripple the veterans program.

The House bill places a \$200 million ceiling on issuance of new housing bonds in the state beginning next year.

That provision not only affects the veterans program, which in a typical year sells as much as \$300 million worth of bonds, but also the Oregon

Housing Division which sells much smaller amounts of bonds to finance housing for low-income people.

Even before the sale of tax-free mortgage bonds would be eliminated in 1988, the House measure would spell doom for both programs.

"What we're talking about is reducing the Housing Division to a very moderate level and reducing the veterans program to an insignificant level," said Maynard E. Hammer, deputy administrator of the state Housing Division.

Staryl Austin Jr., director of the state Department of Veterans' Affairs, was traveling in Oregon Wednesday and could not be reached for comment.

In a letter to the Oregon delegation Feb. 10, Oregon Gov. Vic Atiyeh said enactment of the House bill could spell financial ruin for the veterans program.

"The veterans bond program faces the problem of possible cash shortfalls for several years during the period 1990 to 2000," Atiyeh said in a position paper.

The governor said steps the veterans department intends to take to remedy this expected cash shortfall could be wiped out under the House bill.

4-12 Governor - We have said that if this bill is not changed as you have recommended on the Senate side, Oregon's Veterans home loan program will be devastated. I have been in touch with Congressman Bob Smith's office & Packwood's office. Plans remain the same. Packwood will try to get the bill amended in conference committee. Rostenkowski is the problem. I have a letter ready for you to sign which will go to all members of the delegations of the 5 states affected.

Grey