

Editorial: Beating a Dead Horse

March, 2003

Oh of course, we could drag out the usual experts to help the argument, make the editorial long winded. Experts like The Wall Street Journal, The Cato Institute, The Economist Magazine, The Financial Times, and maybe a dozen economists or two. But why go to the trouble when we can reduce the essence of our entire monthly editorial to six words? Six words? An editorial six words long? How can it be?

But we've used these same six words before. You'd think they'd be monotonous, but they're not—not according to our readers. Ready or not, our monthly editorial is going to print. The envelope please...

DON'T RAISE TAXES DURING A RECESSION!

Why six words and why every month? Because no matter how many times we say it, Portland's business and political leaders just don't get it. Talk about monotonous—tax, tax, tax...it's the single-word equivalent of this month's editorial statement in Portland City Hall, in Multnomah County Chambers and in the Board Rooms of the city with the highest unemployment rate in the nation. The Mayor, the City Council, the County Commission, business leaders—all one-trick ponies. More taxes is the only idea area leaders seem to be able to come up with. Unfortunately for the tax-and-spenders in Portland, things like payrolls and income are portable these days.

First they want a new payroll tax and, better yet, now they want a county personal income tax. That's our favorite—a county personal income tax. Why our favorite? Because counties don't tax personal income. At least not in Oregon they don't. Yes, the federal government taxes personal income, and so do the states, but counties? Leave it to Multnomah County to think of that one—a personal income tax.

There are eleven states in the nation that actually allow a county or two to tax personal income. The states are: New York, Ohio, Kentucky, Pennsylvania, Delaware, Michigan, Missouri, Iowa, Indiana, Alabama and Maryland. Notice geographical similarities here. Only two of those states are west of the Mississippi (Iowa and Missouri) and none of these states are west of the nation's continental divide. So if a personal income tax was passed in, say, Multnomah County, it would become the first county west of the Rocky Mountains to tax personal income. How's that for being progressive. Things do look different here. Different and Stupid.

Oregon's largest urban area is making a classic mistake, the same mistake other large urban areas have made in America over the last 40 years. While Portland officials have tried to claim that the cause of the destruction of America's urban areas began with a decline in schools, they're wrong. The cause of the destruction of urban areas in this country always begins with an overreaching government apparatus growing beyond what

residents want or can afford. Increasing taxes to pay for government's appetite causes businesses and residents to flee to the suburbs. The resulting loss of expected revenue causes the government to increase taxes again, which causes more businesses and residents to flee, which causes revenues losses, which causes...a vicious circle...which causes a monthly six word editorial...DON'T RAISE TAXES DURING A RECESSION!...oops there it is again, that damn editorial.

If the City, County and business community are successful in their drive to increase taxes on Multnomah County residents and businesses by \$48 million or more, it will be the beginning of the end for Portland as a viable place to live, work and play. Raising taxes now will not stem the tide of disaffected residents and businesses headed for the suburbs or Clark County, Washington. Raising taxes now will only accelerate that exodus.

When the new business and payroll taxes, and county incomes taxes aren't enough to keep up with the appetite for salary and benefit increases in Portland Public Schools, what's next for Multnomah County? Neighborhood personal income taxes? Better not sign up for your local neighborhood watch—you never know, blink an eye and the Neighborhood Watch might have taxing authority. Why leave it at your neighborhood, how about the block you live on? Why not let your own street tax your personal income? Just kidding...barely.

It would be funny, if it wasn't so sad. The drama that unfolded over a potential teacher strike in the Portland Public School District highlighted a city and county collapsing from within. Now fiscally responsible liberal/Democrat leader Franscesconi (and sometimes Leonard) is in opposition and usually losing to city leaders Katz/Sten (and sometimes Leonard) who insist that the city and county can continue to tax themselves out of the problem of an ever shrinking revenue base. The Portland Business Alliance (which has seen its voice badly compromised by accepting more than half of its operating budget from city coffers and consequently supports every new proposed tax increase) now has its big business/utility members at odds with its small business members. More and more, suburban and statewide business leaders see and understand that Multnomah County leaders just don't get the problem and are hopeless to find a solution. And more and more as Oregonians watch Multnomah County shrink and The Oregonian cover it

with tear drenching/woeful stories, readers around the state are starting to assert "Why do I care? I don't have a dog in this fight, let the county eat its own." And the businesses...they keep exiting.

Sorry, we apologize—we reductio ad absurdum there. For that offense, we sentence ourselves to repeating the only words necessary, our six-word editorial:

DON'T RAISE TAXES DURING A RECESSION!