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# Report on Constitutional Debt Limitation Amendments (Forest Rehabilitation, Permanent Roads, Power Development) (State Measure Nos. 2, 3, & 4)

City Club of Portland (Portland, Or.)

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REPORT ON

**CONSTITUTIONAL DEBT  
LIMITATION AMENDMENTS**

**(FOREST REHABILITATION, PERMANENT ROADS,  
POWER DEVELOPMENT)**

**(State Measures Nos. 2, 3, & 4)**

To the Board of Governors,  
The City Club of Portland:

Your Committee was appointed to study and report on State Ballot Measures Nos. 2, 3, and 4, which were referred to the voters by the 1961 Legislature. These measures would amend the existing Constitutional limitations on indebtedness for forest rehabilitation, permanent roads and power development, respectively, by stating the limitations as a percentage of the total true cash value of all property taxed on an ad valorem basis, instead of a percentage of the total assessed valuation of all taxable property. In the opinion of your Committee, all three measures have the same purpose, and are, therefore, considered together in this report.

The full text of each of the three Constitutional provisions under consideration and the proposed amendments thereto is set forth as an appendix to this report. The title and purpose of each measure will be stated on the State Ballot in the general election as follows:

**Measure No. 2**

**Title: FOREST REHABILITATION DEBT LIMIT AMENDMENT**

**PURPOSE:** Amends forest rehabilitation Constitutional debt limit from 3/4ths of 1 per cent assessed valuation to 3/16ths of 1 per cent true cash value of all taxable property in state.

**Measure No. 3**

**Title: PERMANENT ROAD DEBT LIMIT AMENDMENT**

**PURPOSE:** Amends Constitutional debt limit for permanent road purposes from 4 per cent assessed valuation to 1 per cent true cash value of all taxable property in state.

**Measure No. 4**

**Title: POWER DEVELOPMENT DEBT LIMIT AMENDMENT**

**PURPOSE:** Amends Constitutional debt limit for power development purposes from 6 per cent assessed valuation to 1½ per cent true cash value of all taxable property in state.

### SOURCES OF INFORMATION

Your Committee interviewed George Pedersen, Tax Economist in the Research and Planning Division, State Tax Commission; Myron Katz, Consultant to the House Taxation Committee of the 1961 Legislature and now Senior Economist, Bonneville Power Administration; Mrs. Louise Humphrey, Executive Secretary of Oregon Tax Research, Inc.; and Elwood Taub, Research and Education Director of International Woodworkers of America. Your Committee obtained information by correspondence with Dwight L. Phipps, State Forester; Forrest Cooper, State Highway Engineer; Howard Belton, State Treasurer; Industrial Forestry Association; and Mr. Gus Norwood of Northwest Public Power Association. Your Committee also studied the City Club Reports on the 1960 Veterans Bonding and Loan Amendment and Higher Education Bonds Amendment, its 1948 Report on the proposal to adopt present Article XI-E (forest rehabilitation), and the Report of the 1959-1961 Legislative Interim Tax Study Committee.

### NATURE OF PRESENT CONSTITUTIONAL PROVISIONS

**FOREST REHABILITATION.** Present Article XI-E of the Oregon Constitution was adopted by the voters in 1948, and authorizes the State to incur debt to acquire funds for the acquisition, maintenance and rehabilitation of forest lands. Enabling statutes (ORS 530.010 *et seq.*) were passed by the 1949 Legislature, which limited the issuance of new bonds to \$750,000 per year. Under this Constitutional provision and legislation, the State Board of Forestry now owns and manages some 650,000 acres of forest land, most of which has been acquired from counties after tax foreclosures.

The limitation in Article XI-E, Section 1 on debt for these purposes is 3/4ths of 1 per cent of the total assessed valuation of all taxable property in the state, or approximately \$23,000,000 as of January 1, 1961. Outstanding bonds issued under these provisions amounted on March 1, 1962 to \$8,150,000, with another \$750,000 authorized for the 1961-1963 biennium, but not yet issued.

**PERMANENT ROADS.** Present Article XI, Section 7, of the Oregon Constitution limits the total debt of the State for building and maintenance of permanent roads to 4 per cent of the total assessed valuation of all taxable property in this State. This section derives from the original Constitution of 1859, as amended by the voters in 1912 and 1920. The Legislature has from time to time passed enabling statutes (ORS Chapter 367) authorizing issuance of bonds for general or specific highway projects. The present State Highway Commission on several recent occasions has expressed its disapproval of any further financing of highways through bonding. The Legislature, however, is free to direct the issuance of bonds for such purposes, as it did in 1961 for the Astoria-Megler Bridge.

The limitation in present Article XI, Section 7, on debt for permanent road purposes amounted on January 1, 1961 to approximately \$122,390,000. On March 1, 1962, the outstanding debt was \$74,100,000, with another \$12,000,000 in bonds authorized by statute but not yet issued.

**POWER DEVELOPMENT.** Article XI-D of the Oregon Constitution, adopted by the voters in 1932, authorizes the State to construct and operate facilities for the production, transmission and sale of hydro-electric power. Debt may be incurred for these purposes up to 6 per cent of the total assessed valuation of all taxable property in the State. The Constitutional provisions on public power development have never been implemented by enabling legislation, although a bill on this subject was introduced in the Legislature as recently as 1961. Accordingly, there

is presently no debt outstanding under this Constitutional provision, although bonding authority on January 1, 1961 would have been approximately \$183,597,000.

### BACKGROUND

An understanding of the terms "assessed valuation" and "true cash value" with reference to property taxation is essential to consideration of these measures.

The "true cash value" of particular property for taxation purposes is a figure determined by the county assessor, subject to review by the county equalization board and the State Tax Commission. It is the amount that the property would sell for at a voluntary sale in the ordinary course of business *and under normal conditions*.<sup>\*</sup> True cash value is the same as market value, except when the State Tax Commission decides that abnormal conditions prevail which make true cash value greater or less than current market value.

The "assessed value" of particular property is a percentage of its true cash value. The percentage figure used to determine assessed valuation is called the assessment ratio. If, for example, the true cash value of a particular parcel of property is determined by the assessor to be \$10,000 and the applicable assessment ratio is 25 per cent, the assessed value of the property will be \$2,500. "Assessed value" is used in calculating the taxes upon a particular parcel of real property.

Prior to 1959, the assessor of each county was permitted to determine the assessment ratio to be used in his county. The ratios used by the respective county assessors varied widely throughout the State, and sometimes fluctuated in the same county from year to year. The ratios ranged at times from a low of 15 per cent in Washington County to a high of 100 per cent in Multnomah County (in 1958). Obviously, the various Constitutional and statutory state debt limitations based on a percentage of assessed valuation fluctuated in accordance with the policies of individual county assessors. A change in the assessment ratio in a few counties, or even in one county (particularly Multnomah, which has approximately 25 per cent of the total true cash value of all taxable property in the State), could and did cause the various debt limitations to expand or contract substantially from one year to the next.

In 1959, however, the Legislature by statute (ORS 308.232) required all assessors to use, beginning January 1, 1961, a uniform assessment ratio of 25 per cent of true cash value. An exception permitted any county using a ratio over 25 per cent on that date to continue doing so, with power only to lower it in the future to a figure not below 25 per cent. This exception in fact was only to Multnomah County, which on January, 1961 had a ratio of 40 per cent (lowered to 36 per cent as of January 1, 1962). Once lowered, the ratio cannot be increased.

Thus, the Legislature by the 1959 statute created substantial uniformity and stability in the determination of assessed valuation throughout the State. Complete uniformity will be established when Multnomah County and three counties (Baker, Lincoln and Umatilla) with ratios under 25 per cent reach the uniform ratio prevailing in all other counties. If this uniformity in assessment ratio continues, there would be a corresponding stability in the Constitutional debt limitations under consideration, which are based on total assessed valuation of taxable property in the State. However, the Legislature is still free to alter the uniform assessment ratio, and thereby bring about a corresponding change in the debt limitations, unrelated to changes in true cash values of property. The 1959-1961 Legislative

<sup>\*</sup>ORS 308.205(1); *Georgia Pacific Corp. v. State Tax Commission*, 228 Or. 112.

Interim Tax Study Committee proposed the three Constitutional amendments under discussion to the 1961 Legislature. In its Report, the Committee stated:

"The Legislature still at any time can change the definition of assessed value to 10, 40, 75 and 100 per cent of true cash value. When the Legislature does this without changing any language in the statutes or the constitution on bond limits, bonding capacity can be increased and decreased by tremendous amounts. For example, in the last General Election a proposal was on the ballot to change bonding capacity for veterans loans from 4 per cent of assessed value to 3 per cent of true cash value. The purpose of this proposal was to increase bonding capacity for veterans loans through a decision to be made by the people. However, if this proposal had failed leaving bonding as a per cent of assessed value, the legislature during this Fifty-first legislative assembly could have redefined assessed value from 25 per cent of true cash value to 100 per cent of true cash value, and thereby without any constitutional change could have provided for bonding capacity for veterans loans 33 per cent greater than that adopted by the people of the State of Oregon at the last election."

The Interim Committee, in addition to proposing the three Constitutional amendments discussed herein, also recommended enactment of a companion measure (Senate Bill 12) which would have similarly changed all *statutory* debt limitations from expression as a percentage of assessed valuation to an expression as a percentage of true cash value. Joint resolutions (SJR 4, 6 and 7) to refer the proposed Constitutional amendments to the voters, passed the Legislature without a dissenting vote. The companion bill on statutory debt limits passed the Senate, but was killed in the House on the final day of the 1961 session, after an entirely different tax measure had been substituted for the original bill in the course of parliamentary maneuvers.

### ANALYSIS OF THE MEASURES

The three measures would amend the respective present Constitutional debt limitations for forest rehabilitation, permanent roads and power development by changing their expression from a percentage of total assessed valuation of taxable property in the State to an equivalent percentage of true cash value of such property. In each case, the proposed percentage of true cash value is calculated and intended to leave the dollar amount of the debt limitation unchanged from what it would be under the 1959 statute fixing a uniform assessment ratio of 25 per cent of true cash value. In Measure No. 3, for example, the debt limitation would be changed from 4 per cent of assessed valuation to 1 per cent of true cash value. If all assessable property had a true cash value of \$1,000, its assessed valuation using the 25 per cent ratio would be \$250. The debt limit both under present Article XI, Section 7, and under the amendment to it proposed in Measure No. 3 would be the same—\$10 (4 per cent of \$250, or 1 per cent of \$1,000).

Since three counties are at present below the 25 per cent assessment ratio, and Multnomah County is at 36 per cent, the actual dollar amounts of the debt limitations calculated under these measures would be somewhat less than the dollar amounts under the existing Constitutional language. The following chart compares the dollar amounts of the respective debt limitations under the present Constitutional language and under the proposed amendments, using total taxable property values in the State as of January 1, 1961.

DEBT LIMITS

Effect of Senate Joint Resolutions 4, 6 and 7 on Present Constitutional Debt Limitations for Roads, Power Development and Reforestation

Item	Measure 3 (Roads)	Measure 4 (Power Development)	Measure 2 (Reforesta- tion)
Present Debt Limit	4% Assessed Value	6% A.V.	¾ of 1% A.V.
Proposed Debt Limit	1% True Cash Value	1½% T.C.V.	3/16 of 1% T.C.V.
Present Debt Limit in Dollars	<u>\$122,397,432</u>	<u>\$183,596,148</u>	<u>\$ 22,949,519</u>
Proposed Adjustments by Counties (Example)			
32 Counties at 25% ratio			
Baker at 23% ratio	157,115		
Lincoln at 15% ratio	615,683		
Multnomah at 40% ratio	(17,043,430)		
Umatilla at 22% ratio	367,550		
Private car companies	(337)		
Total	<u>\$(15,903,419)</u>		
Proposed Debt Limit in Dollars	<u>\$106,494,009</u>	<u>\$159,741,014</u>	<u>\$ 19,967,627</u>
Difference (Present and Proposed)	<u>\$(15,903,423)</u>	<u>\$(23,855,134)</u>	<u>\$ (2,981,892)</u>
Bonds Outstanding March 1, 1962	\$ 74,100,000	—	\$ 8,150,000
Additional Bonds Authorized but Not Issued March 1, 1962	<u>12,000,000</u>	—	<u>750,000*</u>
Total	<u>\$ 86,100,000</u>		<u>\$ 8,900,000</u>
Borrowing Authority Remaining Available			
Present	<u>\$ 36,297,432</u>	<u>\$183,596,148</u>	<u>\$ 14,049,519</u>
Proposed	<u>\$ 20,394,009</u>	<u>\$159,741,014</u>	<u>\$ 11,067,627</u>

\*In 1961-63 Biennium.

Source: 1961 Summary of Assessment Rolls (Tax Commission 9/11/61), and Gordon Barker, Deputy State Treasurer.

It will be noted that each measure changes the definition of the property whose value is to be included in calculating the debt limitations from all "taxable property" in the State to all property in the state "taxed and on an ad valorem basis." It is the belief of the Chief Counsel of the State Tax Commission and of your Committee that these changes in wording are merely for clarification and are not intended to alter the class of property included under the existing definition, since the only property whose value is presently assessed by taxing authorities is property taxed on an ad valorem basis (i.e., the basis of value).

### ARGUMENTS FOR THE MEASURES

1. Constitutional debt limitation should not be subject to change by the Legislature through alteration of assessment ratios.
2. Debt limitations should be expressed in a stable and dependable manner, and phrasing them as a percentage of true cash value will cause the limitations to change in dollar amounts only in proportion to variations in the economic values of property under normal conditions.
3. The measures would not alter appreciably the amounts of existing bonding authority.
4. Adoption of these measures should encourage the Legislature and local government bodies to base all debt limitations on true cash value rather than assessed valuation.

### ARGUMENTS AGAINST THE MEASURES

1. The amendments would, at least temporarily, reduce the dollar amounts of bonding authority below existing levels.
2. The amendments are unnecessary since the same effect would eventually be achieved by the uniform 25 per cent assessment ratio enacted by the 1959 Legislature.
3. The greatest need for expanded debt authority may occur in periods of severe economic depression, and these measures would be likely to reduce the dollar amounts of debt limitations in such periods below those of normal times. The Legislature should be allowed to retain some authority to alter Constitutional debt limitations in abnormal periods by changing assessment ratios.

### DISCUSSION

The foregoing chart indicates that these measures would reduce, at least temporarily, the dollar amounts of each debt limitation below those prevailing under the present Constitutional terminology. The reduction, however, is due solely to the fact that the Multnomah County assessment ratio is presently above the uniform 25 per cent ratio elsewhere in the State. If all counties were now using the 25 per cent ratio (as they probably will be in the near future), these measures would accomplish no change whatever in the dollar amounts of the respective debt limitations.

Because the reduction in the debt limitations would, in the opinion of your Committee, be of a temporary character, and because they would leave the respective limitations still far above the bonds presently outstanding or authorized by the Legislature, your Committee believes that these measures do not call for a re-examination at this time of the substantive merits of the Constitutional bonding provisions which would be amended, and your Committee did not study the merits of bonding as opposed to other financing methods. The debt limitation under the proposed amendments would still leave more than adequate borrowing authority for immediately foreseeable needs. Neither the State Board of Forestry, the State Highway Commission, nor persons contacted by your Committee who favor public power development expressed any objections to the measure affecting the bonding authority in which they are interested. Moreover, it would appear that any temporary reduction in debt limitations caused by these measures would soon be offset by normal growth of property values in the State.

Your Committee believes that debt limitations should be upon a stable and dependable basis, and not subject to erratic and unpredictable fluctuation from year to year. In our opinion, these measures will help bring about the desired stability by relating debt limitations in the Constitution to true cash value. On this basis, debt limitations can fluctuate only in proportion to corresponding changes in property values throughout the State under normal conditions, which in turn reflect the long range economic growth of the State. The purpose of placing debt limitations in the Constitution is defeated if they may be expanded and contracted by changes in assessment ratios from year to year by the Legislature or by county assessors. We believe that greater stability of debt limitations is the principal purpose of these measures, and the most persuasive argument in their favor.

Your Committee believes that argument No. 3, above, against the measures lacks substantial merit. In the first place, the definition of "true cash value" under Oregon law includes the element of valuation "*under normal conditions*". This means that "true cash value" of property would not decline as much as its market value in an abnormally depressed period, or increase as much in a period of abnormal inflation. Accordingly, debt limitations based on true cash value will remain relatively stable in dollar amounts even in periods of abnormal decline or increase in market value of the property.

Secondly, the existence of debt limitations in the Constitution is illusory if the Legislature can substantially alter them without consent of the voters. There is no guaranty that the Legislature would change assessment ratios (and therefore, the dollar amounts of bond limitations based on assessed valuation) only in response to abnormal economic conditions, rather than the pressures of particular interest groups. Also, the Legislature may change assessment ratios for reasons unrelated to Constitutional debt limitations, even though it would cause an automatic change in those limitations based on assessed valuation.

Although it might appear that more stable debt limitations would improve the marketability of Oregon bonds, your Committee has been given the impression that these measures do not have any appreciable effect on marketability of such bonds. We are informed that bond dealers consider both assessed and true valuation in bidding on bonds, and have no difficulty in determining the financial capacity of the State.

The measures under discussion should be distinguished from other recent measures also changing debt limitations in the Constitution from a percentage of assessed valuation to a percentage of true cash value. The 1960 Veterans Bonding and Loan Amendment and the 1960 Higher Education Bonding Amendment, for example, also changed the respective Constitutional debt limitations for those purposes from a percentage of total assessed valuation to a percentage of total true cash value of taxable property in the State. In those measures, however, the percentage figures in the amendments were designed for an immediate and substantial increase in the dollar amounts of the respective debt limitations. The present measures, by contrast, are of a procedural character, with little change in debt limits.

If these measures are adopted, all debt limitations in the present Oregon Constitution will be phrased in terms of a percentage of true cash value of all taxable property, except the debt limitation in the now obsolete Article XI-F (2) pertaining to the bonus given to World War II veterans, which remains a percentage of assessed valuation. There would continue on the books various statutory bond limitations phrased in terms of assessed valuation, but the adoption of the present measures should encourage the Legislature to bring about uniformity and stability in debt limitations by re-phrasing them as percentages of true cash value.

### CONCLUSION AND RECOMMENDATION

Your Committee concludes that the State Measures Nos. 2, 3 and 4 are in the public interest, and recommends unanimously that the City Club of Portland approve their adoption.

Respectfully submitted,

RICHARD L. BARKER

MAURICE O. GEORGES

ROBERT RICHTER

CHARLES R. SCHULER

JOSEPH N. TRAVIS

CARL R. NEIL, *Chairman*

Approved by the Research Board August 14, 1962 for transmittal to the Board of Governors.

Received by the Board of Governors August 27, 1962, and ordered printed and submitted to the membership for discussion and action.



**APPENDIX**

SENATE JOINT RESOLUTION NO. 7  
 (Referred to Voters of Oregon by 1961 Legislature)

**MEASURE NO. 2**

Ballot Title: FOREST REHABILITATION DEBT LIMIT AMENDMENT

Purpose: Amends forest rehabilitation constitutional debt limit from  $3/4$  of 1% assessed valuation to  $3/16$  of 1% true cash value of all taxable property in state.

Be It Resolved by the Senate of the State of Oregon, the House of Representatives jointly concurring:

Section 1, Article XI-E of the Constitution of the State of Oregon, amended to read:

Sec. 1. The credit of the state may be loaned and indebtedness incurred in an amount which shall not exceed at any one time  ~~$3/4$~~   $3/16$  of 1 per cent of the ~~assessed valuation~~ true cash value of all the ~~tenable~~ property in the state taxed on an ad valorem basis, to provide funds for forest rehabilitation and reforestation and for acquisition, management, and development of lands for such purposes. So long as any such indebtedness shall remain outstanding, the funds derived from the sale, exchange, or use of said lands, and from the disposal of products therefrom, shall be applied only in the liquidation of such indebtedness. Bonds or other obligations issued pursuant hereto may be renewed or refunded. An ad valorem tax outside the limitation imposed by Section 11, article XI, of this constitution shall be levied annually upon all the ~~taxable~~ property in the state of Oregon taxed on an ad valorem basis, in sufficient amount to provide for the payment of such indebtedness and the interest thereon. The legislative assembly may provide other revenues to supplement or replace the said tax levies. The legislature shall enact legislation to carry out the provisions hereof. This amendment shall supersede all constitutional provisions in conflict herewith.

The above proposed amendment shall be submitted to the people for their approval or rejection at the next regular general election held throughout the state.

Adopted by Senate March 6, 1961

Readopted by Senate May 9, 1961

Adopted by House May 5, 1961

Filed with Secretary of State May 19, 1961

SENATE JOINT RESOLUTION NO. 4  
(Referred to Voters of Oregon by 1961 Legislature)

**MEASURE NO. 3**

Ballot Title: PERMANENT ROAD DEBT LIMIT AMENDMENT

Purpose: Amends constitutional debt limit for permanent road purposes from 4% assessed valuation to 1% true cash value of all taxable property in state.

Be It Resolved by the Senate of the State of Oregon, the House of Representatives jointly concurring:

Section 7, Article XI of the Constitution of the State of Oregon, is amended to read:

Sec. 7. The Legislative Assembly shall not lend the credit of the state nor in any manner create any debt or liabilities which shall singly or in the aggregate with previous debts or liabilities exceed the sum of fifty thousand dollars, except in case of war or to repel invasion or suppress insurrection or to build and maintain permanent roads; and the Legislative Assembly shall not lend the credit of the state nor in any manner create any debts or liabilities to build and maintain permanent roads which shall singly or in the aggregate with previous debts or liabilities incurred for that purpose exceed ~~four~~ one per cent of the ~~assessed valuation~~ true cash value of all the property of the state taxed on an ad valorem basis; and every contract of indebtedness entered into or assumed by or on behalf of the state in violation of the provisions of this section shall be void and of no effect.

The above proposed amendment shall be submitted to the people for their approval or rejection at the next regular general election held throughout the state.

Adopted by Senate March 6, 1961.

Readopted by Senate May 9, 1961.

Adopted by House May 5, 1961.

Filed with Secretary of State May 19, 1961.

## SENATE JOINT RESOLUTION NO. 6

(Referred to Voters of Oregon by 1961 Legislature)

**MEASURE NO. 4**

Ballot Title: POWER DEVELOPMENT DEBT LIMIT AMENDMENT

Purpose: Amends constitutional debt limit for power development purposes from 6% assessed valuation to 1½% true cash value of all taxable property in state.

Be It Resolved by the Senate of the State of Oregon, the House of Representatives jointly concurring:

Section 2, Article XI-D of the Constitution of the State of Oregon, is amended to read:

Sect. 2. The State of Oregon is authorized and empowered:

1. To control and/or develop the water power within the state;
2. To lease water and water power sites for the development of water power;
3. To control, use, transmit, distribute, sell and/or dispose of electric energy;
4. To develop, separately or in conjunction with the United States, or in conjunction with the political subdivisions of this state, any water power within the state, and to acquire, construct, maintain and/or operate hydroelectric power plants, transmission and distribution lines;
5. To develop, separately or in conjunction with the United States, with any state or states, or political subdivisions thereof, or with any political subdivision of this state, any water power in any interstate stream and to acquire, construct, maintain and/or operate hydroelectric power plants, transmission and distribution lines;
6. To contract with the United States, with any state or states, or political subdivisions thereof, or with any political subdivision of this state, for the purchase or acquisition of water, water power and/or electric energy for use, transmission, distribution, sale and/or disposal thereof;
7. To fix rates and charges for the use of water power and/or electric energy;
8. To loan the credit of the state, and to incur indebtedness to an amount not exceeding ~~[-six]~~ one and one-half percent of the ~~[-assessed valuation]~~ true cash value of all the property in the state taxed on an ad valorem basis, for the purpose of providing funds with which to carry out the provisions of this article, notwithstanding any limitations elsewhere contained in this Constitution;
9. To do any and all things necessary or convenient to carry out the provisions of this article.

The above proposed amendment shall be submitted to the people for their approval or rejection at the next regular general election held throughout th state.

Adopted by the Senate March 6, 1961.

Readopted by Senate May 9, 1961.

Adopted by House May 5, 1961.

Filed with Secretary of State May 19, 1961.

REPORT ON  
**DAYLIGHT SAVING TIME**  
**(State Ballot Measure No. 6)**

**PURPOSE:** To establish daylight saving time in all parts of Oregon within the Pacific time zone from last Sunday in April until last Saturday in September.

To the Board of Governors,  
The City Club of Portland:

**ASSIGNMENT**

Your committee was asked to determine whether it should recommend to the membership of the City Club in favor of or against State Ballot Measure No. 6 (H.B. No. 1753, Oregon Laws 1961, Chapter 711, referred to the Voters of Oregon by the 1961 Legislature). The act in question provides:

"187.110. The standard of time for any given area of the State of Oregon to which Pacific Standard Time is applicable shall be the United States standard of time as established by the Congress of the United States for that particular area except that from 1:00 a.m. on the last Sunday in April until 2 a.m. on the last Saturday in September the standard of time for any such area of this state shall be one hour in advance of the standard established for that particular area by the Congress of the United States. No department of the state government and no county, city or other political subdivision shall employ any other time or adopt any statute, ordinance or order providing for the use of any other standard of time."

**BACKGROUND**

A similar ballot measure was studied and reported on by a former City Club committee appointed in 1960. The committee report appears in Portland City Club Bulletin, Vol. 41, No. 19, October 7, 1960. The earlier committee recommended passage of the measure; however, the voters defeated the bill. Subsequently, the 1961 Oregon State Legislature enacted a statute which authorized Multnomah County, Washington County, Clackamas County, Hood River County, and Columbia County to adopt daylight saving from the last Sunday of April until the last Saturday of September of each year. All five counties did adopt Daylight Saving Time. Since the adoption of this statute, some confusion has resulted due to the time differences within the state. Some communities not authorized by the Legislature have informally adopted fast time. Some businessmen in standard time areas have set their clocks ahead and generally speaking, the people of the state are somewhat disgruntled over the uncertainties which have arisen.

The issue of statewide Daylight Saving Time will again be presented to the voters of Oregon in the November election.

**A BRIEF HISTORY OF THE DEVELOPMENT OF "STANDARD OF TIME"**

Although historically time was measured by considering the position of the sun in its relationship to the earth at any given place, without a standard previously agreed upon, confusion and chaos would prevail in modern-day civilization.

". . . actual solar time, that is, the time based on the apparent actual movement of the sun over any particular meridian varied from day to day,

and was impractical to use as a standard, after the abandonment of sun dials, since watches and clocks had constantly to be reset. The mean solar time was based upon the apparent movement of an imaginary constant sun over the meridian. This gave a satisfactory time standard for a particular community, but was increasingly unsatisfactory as means of transportation and communication improved, because of the wide variety of time standards in communities thrown into close relation by these improvements." State vs. Badolati, Wisconsin (1942), 6 NW2d 220, 143 ALR 1234.

Inasmuch as solar time was particularly impractical for use by the American railroads, the principal railroad companies in 1883 agreed to adopt an arbitrary standard of time for the purpose of establishing time stability in the operation of their trains. They divided the country into four sections: Eastern, Central, Mountain, and Pacific. The width of each section was approximately 15 degrees of longitude from East to West. The solar time of the Central meridian of each section was arbitrarily adopted as the uniform railroad time for the entire section. This time became known as railroad or standard time and was recognized by the Federal government and ultimately by most state governments as the accepted standard of measuring time.

Later in 1883, the Congress of the United States enacted a statute which established time zones and fixed a standard of time for each zone. The statute provided:

"For the purpose of establishing the standard time of the United States, the territory of continental United States shall be divided into five zones in the manner provided in this section. The standard time of the first zone shall be based on the mean astronomical time of the seventy-fifth degree of longitude west from Greenwich; that of the second zone on the ninetieth degree; that of the third zone on the one hundred and fifth degree; that of the fourth zone on the one hundred and twentieth degree; and that of the fifth zone, which shall include only Alaska, on the one hundred and fiftieth degree. The limits of each zone shall be defined by an order of the Interstate Commerce Commission, having regard for the convenience of commerce and the existing junction points and division points of common carriers engaged in commerce between the several States and with foreign nations, and such order may be modified from time to time." 15 USCA 261

This law controlled only the movement of common carriers and the conduct and actions of all branches of the Federal government. It was not intended to nor did it affect state government or private industry other than railroads. However, as a practical matter, all of the states in the Union followed suit and either legislated to conform to the standard of time established by the Congress or informally adopted the measure.

The names of the time zones were also established by the Congress which added to the preceding four the Alaska time zone. (15 USCA 263).

Mr. Justice Oliver Wendell Holmes, speaking for the United States Supreme Court in the case of *Massachusetts State Grange vs. Benton*<sup>1</sup> said that the trial court was correct in ruling that the Massachusetts State law which provided for a daylight saving time did not conflict with the federal statute of 1883 creating a standard of time. This decision by Justice Holmes established the precedent for all subsequent daylight saving time legislation to be enacted by the several states, and left to the states the right to establish their own standard of time.

It will be recalled that on January 20, 1942, Congress placed the entire country on "fast" time in order to "save daylight and . . . provide a standard time for the

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<sup>1</sup>272 US 525, 47 SC 189, 71 L.Ed 887.

United States.<sup>22</sup> The war standard of time legislated by Congress lasted approximately four years and was intended to save time and to promote national security and defense.

Presently 29 states, in whole or in part, observe daylight saving time during the period from May to October each year. Very few states prohibit it by law. If, during these months, Oregon were on Pacific Standard Time, it would be the only state in the Union on that particular time.

### SCOPE OF STUDY

Your Committee reviewed data collected by earlier City Club Committees. The results of previous interviews were reviewed<sup>1</sup> and in addition the following who had previously given us views on the subject reaffirmed their opinions when contacted by your present committee: Al Foreman, Oregon Theater Owners Association, and Elmer McClure, Master, Oregon State Grange.

The following were also contacted for their views: Thomas Scanlon, Educational Director for Oregon AFL-CIO, and Ralph Hage, Pacific Maritime Association.

### POSITION OF PROPONENTS

Few new arguments for or against daylight saving time have been brought to the attention of your Committee. To re-state and summarize the arguments for, we find they are:

1) Uniformity of time standard throughout a geographically and economically integrated area is essential for the economic stability and development of its people. California, Oregon, Washington and British Columbia comprise such an area. As the economic and financial heart of America ordinarily adopts daylight saving time, Oregon must—if it is to keep in step and compete—set ahead its clocks.

2) Investment houses, manufacturers, radio and television stations, trucking and transportation companies, airlines, and all other businesses engaged in commerce gain benefit from the adoption of daylight saving time because of uniformity, elimination of confusion, consistent point of time reference, and a multitude of psychological reasons, the foremost of which is the concept of "belongingness" or "marching along together."

3) Much of the strong support of daylight saving time comes from those who argue for additional daylight leisure hours. Doctors claim the span of life can be increased with proper leisure and relaxation.

4) All of the government units which were authorized by the 1961 Legislature to adopt Daylight Saving Time have done so. As a result, the majority of the people of Oregon are now living under DST. In addition, several other Oregon communities have arbitrarily gone on DST.

<sup>22</sup>45 stat 9 C 7, 15 USCA 261.

<sup>1</sup>Sources interviewed by previous committees included representatives of business organizations, radio and television, transportation, (including railroads and airlines representatives), investments firms, firms engaging in interstate commerce, insurance and lumber brokers, laboring and retail business groups (including AFL-CIO, and Retail Trade Associations), Oregon Marine Trades Association, municipal and private golf courses, public recreational facilities, all in favor, and Oregon State Grange, Oregon Farm Bureau Federation, Oregon Theater Owners Association, and representatives of indoor recreation operations and railway brotherhoods, all or some of whom oppose Daylight Saving Time.

### POSITION OF OPPONENTS

1) Some of the strong opposition to daylight saving time is voiced by farmers speaking through the Oregon State Grange, the Oregon Farm Bureau Federation, and the Farmers Union. They say that farms are not run by the clock and that the farmer gauges his activities according to natural time or sun time. They contend that particularly in the Willamette Valley, because of dew and foggy mornings, the farmer must wait until 10:00 a.m. before commencing work in the field, and therefore the adoption of daylight saving time would have the farmer in the field at 11:00 a.m. This means that by the time their farm work is completed, very little, if any daytime is left for delivery of produce, purchase of necessary supplies, equipment, or parts for repair, or for fitting in social or business obligations.

2) Dairymen and poultrymen would be inconvenienced because of their pickup and delivery schedules (the cows must be milked when ready and the delivery schedules on daylight saving time might conflict or be inconvenient). The chickens lay eggs when ready and fast time would inconvenience the poultrymen in the same way as the dairymen. Other arguments advanced by these groups center on the same theme and ultimately conclude that daylight saving time is an unnatural man-made time, and that standard time should be adhered to because it is a natural or God-made time.

3) Another strong voice opposing daylight saving time is heard from the Oregon Theater Owners Association which not only speaks for itself but for others engaged in activities which require nightfall to stimulate interest, such as outdoor theaters, bowling alleys, billiard rooms, dance halls, cocktail lounges, bars and restaurants.

4) Parents of small children complain that the difficulties encountered in trying to put their children to bed at their regular bedtime, when, under Daylight Saving Time it is still broad daylight, disturbs the whole family schedule.

### DISCUSSION

An intelligent appraisal of the issue should start with a genuine understanding of standard time. Standard time, which is presently in use throughout the nation, is not sun time or solar time, and therefore is in and of itself a man-made standard. It is a time measure made for the convenience of the geographical area and which utilizes the mean position of the sun as it strikes the central meridian of the time zone. Therefore, those who argue that we should adhere to standard time "because daylight saving time is not God's time" are advancing arguments which are unrealistic and illogical.

Obviously, conformity of time is essential to the economic health and welfare of the nation. The fact that Congress saw fit to establish a time standard is in and of itself persuasive on this point. In time of national emergency, the entire country was placed on daylight saving time for the purpose of increasing the efficiency of the people in time of emergency and for national defense.

Additional daylight hours to the busy business man will enable him to find greater enjoyment in participating in activities with his family and greater opportunity to prepare himself for the following day's trials.

That time variance among economically-integrated geographical units causes confusion, inefficiency and general inconvenience is beyond question. Today's means of communication and travel have rendered distances by statute miles no longer of consequence. We are as close to New York as the dial on the telephone; travel to San Francisco and return to Portland between breakfast and lunch is not an imaginary concept. Our neighbors to the North and to the South observe daylight saving time. The economic capitals of the country observe daylight saving time, and the capital

of the United States—Washington, D. C. itself—is on daylight saving time. Of 180 million people in the United States, over 65% are on daylight saving time between May and October of each year. (Over 95% of the people in the Pacific Time Zone are on daylight saving time, including the five counties in Oregon.)

It is acknowledged that some will suffer an economic loss as the result of the passage of the measure under discussion. Both sides argue that their business interests must be considered since they contribute to the state with tax dollars. However, some economic loss occurs whenever legislation is enacted. For example, legislation restricting the use of billboards on highways causes economic loss to the sign companies; laws limiting the size of trucks on highways cause economic loss to trucking companies; restrictions on the charges made by franchise transportation companies cause economic loss (or limitation of income) to such interests. Examples such as these can be recited *ad infinitum*.

Your Committee felt that many of the arguments on both sides stemmed from personal preference, and the Committee found it impossible to evaluate them.

### CONCLUSION

Your Committee has analyzed the pros and cons of the Daylight Saving Time issue. The issue must be resolved by weighing the benefits and the detriments and considering the general public welfare. The Committee feels that the public welfare will best be served by conformity with the time standards of Washington and California and with the financial and industrial centers of the country.

The Committee further feels that the arguments advanced against daylight saving time stem, for the most part, from tradition rather than logic. While some interests may suffer economic harm and personal inconvenience, the vast majority of the people of the state will enjoy economic and social benefits under daylight saving time.

### RECOMMENDATION

Your Committee unanimously recommends that the City Club favor State Ballot Measure No. 6, and urges a vote of "yes" thereon.

Respectfully submitted,

RAYMOND M. ALEXANDER

HILBERT JOHNSON

DAVID C. KENT

CARLTON R. REITER

CARLETON G. MOREHOUSE, *Chairman*

Approved August 14, 1962 by the Research Board for transmittal to the Board of Governors.

Received by the Board of Governors August 20, 1962, and ordered printed and submitted to the membership for discussion and action.



## APPENDIX

## HOUSE BILL NO. 1753

Chapter 711, Oregon Laws 1961

Referred to voters of Oregon by 1961 Legislature

## MEASURE NO. 6

Ballot Title: DAYLIGHT SAVING TIME

Purpose: To establish daylight saving time in all parts of Oregon within the Pacific time zone from last Sunday in April until last Saturday in September.

## AN ACT

Relating to the standard of time; amending ORS 187.110; and providing that this Act shall be referred to the people for their approval or rejection.

Be It Enacted by the People of the State of Oregon:

Section 1. ORS 187.110 as amended by chapter 415, Oregon Laws 1961 (Enrolled House Bill 1502) is amended to read:

187.110. ~~[(1)]~~ The standard of time for any given area of the State of Oregon to which Pacific Standard Time is applicable shall be the United States Standard of time as established by the Congress of the United States for that particular area ~~[. However, the County court or the board of county commissioners of a county having a population of more than 800,000, according to the latest federal census, may adopt a statute, ordinance or order providing]~~ except that from 1:00 a.m. on the last Sunday in April until 2 a.m. on the last Saturday in September the standard time for ~~[that county]~~ any such area of this state shall be one hour in advance of the standard established for that particular ~~[county]~~ area by the Congress of the United States. No department of the state government and no county, city or other political subdivision shall employ any other time or adopt any statute, ordinance or order providing for the use of any other standard of time.

~~[(2) When any county court or board of county commissioners in any county having a population of more than 800,000, according to the latest federal census, has adopted a statute, ordinance or order providing for advanced time in such county, the county court or board of county commissioners in any county contiguous to each county may adopt advanced time by the same means and for the same period. Counties separated from another county by a river shall be considered contiguous for purposes of this subsection.]~~

Section 2. If House Bill 1502 does not become law, section 1 of this Act is repealed and ORS 187.110 is amended . . . (NOTE: House Bill 1502 did become law, therefore section 2 of this Act is not applicable.)

Section 3. This Act shall be submitted to the people for their approval or rejection at the next regular general election held throughout the state.