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PORTLAND
City Club
BULLETIN

Mayfair Room • Benson Hotel
Friday . . . 12:10 P.M.

PORTLAND, OREGON - May 8, 1970 - Vol. 50, No. 49

Printed in this issue of the City Club Bulletin for presentation,
discussion and action by the membership on Friday, May 8, 1970:

**REPORT
ON**

**CAPITAL CONSTRUCTION BONDS
FOR STATE GOVERNMENT**

(State Ballot Measure No. 1)

The Committee: Vernon I. Basler, Ernest H. Butts, Jr., Robert E. Joseph, Jr.,
Gerald G. Toy, Roger C. Wilder, Jay Woodworth and Robert M. Kerr, *Chairman*

**REPORT
ON**

REVISED CONSTITUTION FOR OREGON

(State Ballot Measure No. 3)

The Committee: Karl A. Langbecker, Hugh McGilvra, Paul R. Meyer,
James A. Nelson, Norman Sepenuk, Thomas H. Tongue and
Kenneth S. Klarquist, *Chairman*

**LOCAL SCHOOL
PROPERTY TAX EQUALIZATION**

(State Measure No. 6)

The Committee: Forrest Blood, Robert L. Furniss, Don A. Johansen,
R. Burke Morden, Spencer H. Vail, Robert L. Weiss and
William H. Gregory, *Chairman*

Bert J. G. Tousey,

For the Majority

For the Minority

*"To inform its members and the community in public matters and to
arouse in them a realization of the obligations of citizenship."*

BALLOT, RESEARCH REPORTS DOMINATE MAY PROGRAMMING

City Club programs at Friday luncheon meetings for the remainder of the month of May are all devoted to consideration of and action on reports of Ballot Measure study committees, and one long-range Research study committee.

In addition to the measure adopted on April 17th (Lowering the Voting Age) and the three reports contained in this issue of the *Bulletin* to be acted upon on May 8th, reports to be considered at the forthcoming Friday meetings are:

- May 15: City Measure #51: Anti-pollution Aid Through Sewer User Charges
- County Measure #7: Metropolitan Service District

PORTLAND CITY CLUB BULLETIN

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ELECTED TO MEMBERSHIP

Richard W. Bogle, Jr., News Reporter, KATU-TV. Sponsored by Rick Meyers.

Robert J. Frasca, Architect and Planner. Partner: Wolfe, Zimmer, Gunsul, Frasca and Ritter. Sponsored by Dr. Herbert W. Goodman.

The Rev. *Paul J. Schulze*, Clergyman. Director; Center for Urban Encounter, Greater Portland Council of Churches. Sponsored by Samuel B. Stewart.

State Measure #4: Pollution Control Bonds

May 22: City Measure #52: Vacancy in Office

City Measure #53: Port/Docks Consolidation

State Measure #2: Repeal "White Foreigner" Section of Constitution

May 29: Ombudsman Report

Election of officers for both The City Club of Portland and for the Portland City Club Foundation, Inc., will take place on June 5, 1970, the annual business meeting of both organizations, in accordance with their respective by-laws.

The report of the Nominating Committee for the 1970-71 slate of officers and governors of the City Club, and for directors of the Foundation, is expected to be released next week.

CITY SEWER USER CHARGE ISSUE SUBJECT OF BALLOT MEASURE STUDY

A municipal measure appearing on the City of Portland ballot at the May 26, 1970 primary election proposes to separate the sewer user service charges from those of water bills.

The measure, No. 51 on the City of Portland ballot, is being reported on by a committee consisting of Frank E. Day, Chairman, Dr. John Eliot Allen, Kent E. Clark, Owen P. Cramer and Dr. Howard Dean. William F. Caldwell is research advisor.

The purpose of Measure No. 51 is to permit fixing of sewer user charges based on actual operating costs, and allowing such collected funds to be used to pay financing costs of needed secondary treatment plants and other sewerage facilities. Currently the sewer costs are limited to an amount not to exceed two-thirds of the water bill.

The Committee's report is scheduled for presentation on May 15th.

**REPORT
ON
CAPITAL CONSTRUCTION BONDS
FOR STATE GOVERNMENT
(State Ballot Measure No. 1)**

Purpose: Constitutional amendment authorizing issuance of general obligation bonds not to exceed at any one time one fourth of one percent of true cash value of all taxable property. The bond revenues are to finance the cost of building and other state government projects, and to be repaid from gifts, rentals, parking, and other building fees. The legislature, however, may impose a property tax, or other tax, if such gifts, rentals, and fees are insufficient to pay the bond indebtedness.

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

Your Committee was assigned to study and report on the State Ballot Measure cited above, to be voted on at the Primary election on May 26, 1970.

I. SCOPE OF COMMITTEE RESEARCH

1. The following persons were interviewed by the Committee as a whole:

George J. Annala, Manager, Oregon Tax Research

John D. Burns, State Senator, Multnomah County; member, Joint Ways and Means Committee

Floyd Jay Gould, Legislative Fiscal Officer, State of Oregon

Philip Lang, State Representative, Multnomah County; member, Joint Ways and Means Committee

Walter W. R. May, Public Affairs Advisor, *Oregon Voter*

2. The following persons were interviewed by individual members of our Committee:

Gordon Barker, State Investment Manager, Treasurer's Office, State of Oregon

Edward Fadeley, State Senator, Lane County

Chalmers L. Jones, employee representative; member, Public Employees Retirement Board

John Mosser, Portland attorney; former State Legislator and Interim Director for the Department of Finance and Administration

Howard Rankin, Portland bond attorney

H. C. Saalfeld, Director, Department of Veterans Affairs, State of Oregon

Robert W. Straub, Treasurer, State of Oregon

3. In addition, the Committee reviewed published and reference materials as follows:

Treatise on Office Space Management, published by the Management Services Division of the Department of Finance, State of Oregon, December 16, 1968

Primary Election Speakers' Kit from the League of Women Voters titled, "Year of the Voter"

Resume of state capital construction projects, published by the Legislative Fiscal Officer, State of Oregon

Memorandum dated April 10, 1970 by Mr. H. A. Bjork, consultant to the State Board of Higher Education

II. HISTORY AND BACKGROUND

Ballot Measure No. 1 came out of the 1969 Legislative Assembly as Senate Joint Resolution 22, sponsored by the Joint Ways and Means Committee. The resolution was adopted in the Senate by a vote of 29 yes, 1 no; and in the House by a vote of 54 yes, 4 no, and 2 excused.

The measure would amend the Oregon Constitution to authorize issuance by the State of general obligation bonds in an amount not to exceed at any time one fourth of one percent of true cash value of all taxable property, the funds thus raised to be used to finance the costs of state government buildings, structures, and other projects. On the basis of 1969 assessed property values, this would authorize approximately \$43 million of bonds. This bonding authority would increase at an estimated rate of between \$2.5 and \$3 million annually, due to annual increase of taxable property values.

Such a bonding authorization requires a constitutional amendment in order to avoid the limitations on state debt in Article XI, Section 7 of the Oregon Constitution. That section's limitation of state indebtedness to \$50,000 has been amended through the years in order to authorize issuance of bonds to finance construction of highways, power development, veterans' farm and home loans, state reforestation, veterans' bonus, and buildings and activities of higher education institutions and community colleges.

The bonded debt of the State of Oregon, on April 7, 1970, according to the State Treasurer's office, was \$714,241,000. This includes bond issues sold April 7, 1970. The outstanding bonds as of May 15, 1970 (including bonds which will be sold on May 1, 1970, and bonds maturing May 15) will be:

State Highway (Const. Art. XI, Section 7).....	\$ 34,100,000
Veterans' Welfare (Art. XI-A) (Farm and home loans).....	517,000,000
Reforestation (Art. XI-E).....	8,600,000
Higher Education Building Projects (Art. XI-F(1)) (Revenue bonds).....	66,337,000
World War II Veterans Compensation (Art. XI-F(2)).....	9,000,000
Higher Education and Community College Projects (Art. XI-G) (Bonds matched by general fund appropriations).....	57,635,000
TOTAL.....	\$692,672,000

This bonded debt amounts to slightly more than 4 percent of the \$17,250,-288,000 true cash value of all Oregon property as assessed January 1, 1969.

Construction of state government buildings (which does not include those for higher education) has been financed by borrowing from various state trust funds, such as the State Accident Insurance Fund, Public Employees Retirement Fund, and the Common School Fund. Interest rates on sums thus borrowed have varied among the different building projects. Centralization in the Oregon Investment Council, established by the 1967 Legislature, of responsibility for investment of public funds, and adoption of the "prudent man" standard for such investment (Chapter 335, Oregon Laws 1967) presumably will assure that any loan from State Trust funds will bear an interest rate no less than the fund could earn if its money were otherwise invested.

The repayment of money borrowed for construction of state government buildings has been from rentals charged the agencies occupying those buildings, set at a rate sufficient to pay the indebtedness over a period of 30 years, as well as maintenance costs. Prior to 1969 such rentals varied from building to building, and state agencies occupying a building which was fully paid for might be charged no rent. The 1969 Legislature required uniform rental rates as to all state agencies, regardless of their location, the rentals to be applied upon cost of building acquisition as well as maintenance and operation costs. (Chapter 199, Oregon Laws 1969). The uniform rental rate established under this legislation is now 25 cents per month per square foot of office space occupied.

Presently outstanding loans from trust funds to finance state government buildings are reported by the Legislative Fiscal Officer to be the following:

<i>Building</i>	<i>Interest Rate</i>	<i>Amount Outstanding</i>
New Agriculture	4¾ %	\$1,001,250
Labor & Industries.....	4 %	2,860,868
Pendleton Branch Office Building.....	4½ %	153,069
Salem Annex Building.....	6 %	89,374
Portland Parking Structure.....	6 7/10 %	2,244,519
Capitol Building remodeling and air conditioning..	6 % to 6½ %	579,404
Eugene Branch Office 4th floor addition (under construction).....	4½ %	445,455
TOTAL		\$7,373,939

III. ARGUMENTS IN FAVOR OF MEASURE NO. 1

1. There is a present and increasingly critical need for additional state government buildings and parking facilities. These must and will be built. It will not be practicable to finance such construction by general fund appropriations. Measure No. 1 would provide the Legislature with a lower-cost alternative to the present methods of financing construction of state government buildings.

2. The interest rates which the state would pay on general obligation bonds issued under this measure would be approximately two to two and one-half percentage points lower than the interest rates on future borrowings from state trust funds which must be comparable with commercial rates.

3. The proposed bonding program is in the best long-range interest of the state. This is a responsible use of credit and would switch some of the capital construction burden to the future benefited generations.

4. Oregon's bonds enjoy excellent ratings, which would not be adversely affected by the judicious and timely use of this additional bonding authority.

5. Only the Legislature can authorize new construction for which bonds could be issued under Measure No. 1. It may reasonably be assumed that the people's elected representatives will not authorize any construction not in the best interest of the state.

6. The measure's authorization of pooling of net revenues from both existing and new structures, so as to make the new buildings self-supporting, is a means whereby the older buildings now fully paid for can help to provide funds for liquidation of the debt incurred for construction of new buildings.

7. The lower financing costs of bonding would result in correspondingly lower state building rental rates. This saving would be available to other government programs, or for property tax relief.

IV. ARGUMENTS AGAINST MEASURE NO. 1

1. A "pay-as-you-go" policy in financing state government capital construction is preferable to bonding.

2. The bonding authority under this measure, added to bonds now issued or authorized or proposed, could expose the state to excessive bonded debt and thus endanger the present high rating (and consequent lower interest rate) of State of Oregon bonds.

3. Inadequacy of revenues, such as rentals, building fees, etc., to service and retire the bonds could result in levy of a state property tax.

4. Direct general fund appropriations, or borrowing from state trust funds as at present, are adequate, and either method is preferable to creation of additional bonded debt.

5. Bonds issued under this measure would be serviced and retired chiefly from office rentals paid by the state departments and agencies from their general fund appropriations. Consequently, the projects thus financed would not in fact be "self-liquidating and self-supporting" as misleadingly inferred in Section 2 of the bonding measure.

6. The measure's authorization of bonding for "other projects," for "structures," and to "improve, repair, equip and furnish" is excessively broad and far-reaching. It could encourage projects which do not merit the lending of the state's credit.

V. DISCUSSION

This measure was strongly supported by the Legislature and is favored by both Governor McCall and State Treasurer Straub.

The basic argument for the measure is that it would provide the cheapest means of financing the state government building projects.

The State can sell its general obligation bonds, by virtue of the fact that they are supported by the State's credit and the Legislature's taxing authority and carry tax advantage to the holder, at interest rates at least two percentage points lower than the rates payable on any future borrowing from state trust funds for state government capital construction. The Legislative Fiscal Officer has pointed out that on this basis, a bond issue of \$40 million, redeemed serially over 20 years, in lieu of borrowing as in the past from trust funds, would save the State \$8.8 million in interest.

This is supported by the most recent state bond sales. On April 7, 1970, \$6,770,000 of 20-year bonds for community college construction were sold at 6.038 percent, and \$17 million of veterans' bonds at 6.275 percent. On that date, according to State Treasurer Straub, the state's investment officer, the appropriate rate for investment of state trust funds was 8.8 percent.

This Committee is convinced of the need for additional state government capital construction, and that new buildings will be built irrespective of the outcome of this bonding measure. Such construction has not kept pace with the growth of the State nor with the private sector of our economy. If the construction were deferred, it likely would be at the price of substantially higher future construction costs.

State offices and agencies now occupy more than 150,000 square feet of leased space in widely scattered Salem locations, and more than 125,000 square feet of leased space in several areas of Portland. Significant economies, greater efficiency, and improved services to the public should result from timely construction in suitable locations of the badly needed buildings. The Committee believes that, if the construction cannot be financed by bonding, the necessary money will be otherwise obtained, but more expensively.

The proposed constitutional amendment would not be self-executing. It would be enabling only. The State Legislature would be responsible for determining whether bonds should be issued, for what state government buildings, structures, or projects, and in what amounts. It appears to this Committee that the present bonding authority has been used reasonably and that future legislatures may be relied upon to follow a similar course.

The measure designates no specific buildings or other projects; these would be determined by future legislatures. Discussion in the Legislature when SJR 22 was being considered indicates that early projects which might be bonded under this measure would include a new state office building, and parking structures in the Capitol Mall area.

Ten years ago a City Club committee, reporting on a proposed authorization of \$40 million of bonds for capital construction, including higher education and state office buildings, concluded that the need for such building was then not so urgent as to justify departure from the state's long-time policy of financing its building needs out of its general budget on a pay-as-you-go basis. Four years later, additional bonding authority for higher education institutions and activities, and community colleges, was added to the Constitution under Article XI-G, and the state's bonded indebtedness has increased from approximately \$281 million in 1960 to the present total of approximately \$700 million. It is apparent that the state has, in fact, abandoned the pay-as-you-go basis for financing its capital construction requirements and is firmly embarked upon a "build now, pay later" system such as has become conventional for business and family purposes as well as in government. This Committee recognizes the equity of spreading the cost of state government capital construction among both the present and future generations which will be served by that construction.

The Committee has explored comparative costs of conducting state government in leased and in state-owned facilities. A December 1968 analysis by the State Department of Finance shows the cost of one square foot of leased usable office space over a 30-year period to be \$234.48 compared with \$168.39 for state-owned space. The spread is greater after the building cost amortization period.⁽¹⁾

The present favorable ratings of State of Oregon bonds (such as Moody's assignment of "AA") could be affected adversely by full utilization of the combined bonding authority of this measure and the existing bonding constitutional amendments. Adoption and use of the additional bonding authority which may be provided by other measures to be voted on at the May and November 1970 elections would, of course, add to this hazard. It is highly unlikely, however, that the full amount of all authorized bonds would be outstanding at any one time, and certainly the responsible state officials and the Legislature would be fully aware of the advantage of maintaining the highest possible bond ratings. In any event, the margin of interest rates between the bonds and trust fund loans should be sufficient to absorb any foreseeable fluctuation of bond interest rates without loss of significant financial advantage through bonding.

It is implicit in the plan of bonding under this measure that the bond interest and principal are to be paid from proceeds of rentals charged all state agencies which occupy state-owned facilities. Authorization of pooling for this purpose of rentals from both old and new structures is a means to this end. To the extent that such rentals, applied upon the bonded indebtedness, are derived from an agency's general fund appropriation, the bonded project will not in strict accuracy be "self-liquidating" or "self-supporting" as implied in Section 2 of the measure. Some state agencies may be able to pay their office rentals from proceeds of licenses and other fees collected or from federal grants. Only to the extent the rentals applied upon the bonds originate other than from the state's general fund can the new buildings, structures, or other projects financed by the bonds be properly termed self-liquidating or self-supporting. The same situation now exists, however, as to buildings or projects financed by borrowing from the state trust funds.

The plan obviously contemplates that state building rentals will be maintained at whatever rates may be necessary to retire the bonds. The measure would authorize the Legislature to impose a state property tax, or to use general fund revenues to retire the bonds if the office rentals were insufficient for that purpose. Such a provision is necessary in order to qualify the bonds as general obligation bonds and thus for the lowest interest rates, and is common to all of the constitutional amendments authorizing such bonds. The Legislature has never found it necessary to exercise its property tax authority under the existing similar bonding measures. Even if building revenues proved inadequate to make the buildings truly self-supporting, the Legislature, as a political reality, would be likely to turn to general fund sources, such as corporate excise tax, income tax, increased license fees, etc., rather than to a state-wide property tax.

One of the declared purposes of bonds issued under this measure is to repay outstanding indebtedness incurred to finance the cost of existing buildings, structures, and other projects of the state governments. Section 4 specifies that no bonds shall be issued under the measure for the construction of buildings or other structures until all of such outstanding indebtedness has been repaid. However, this restriction is modified by the expression "unless otherwise provided by law," so the Legislature would be free to determine from time to time whether bonds would be issued to finance new construction or be used to pay off and thus refinance obligations now owed the trust funds. Thus, as a practical matter, new construction may well be financed through this measure before bonds are issued to pay off presently existing debt.

Any amount saved in interest costs by financing future construction through bonds rather than of borrowing from trust funds could result in a corresponding reduction of the state office rental rate. Consequent reduction of general fund appropriations to the state agencies to cover their rental costs could be made available for other state government programs. For example, even though this

⁽¹⁾Office Space Management for the State of Oregon—Status and Recommendations December 1968, Management Services Division, Department of Finance, State of Oregon, pp. 12, 13.

measure would provide no additional bonding authority with respect to any activity of the higher education institutions, H. A. Bjork, formerly comptroller of the State Board of Higher Education and presently consultant to the Board, views the money-saving aspect of this measure as a possible advantage to the higher education institutions. He points out that reduction of the rental budget items payable from the general fund could help to meet the needs of higher education, especially as to bond-matching appropriations under Constitution Article XI-G.

VI. CONCLUSIONS

The Committee is of the opinion that this measure should be approved. Additional capital construction for the purposes of state government is a necessity, and it makes good sense and is prudent business judgment for the state to utilize the most economical means of obtaining the money for such construction. It is not practicable to finance the needed construction from the general fund, and the financial advantage of bonding rather than continued borrowing from the trust funds is, the Committee believes, clear and substantial. There are adequate safeguards in the measure, as well as in the responsible character of the Legislature and state officials, to protect against possible abuse of this bonding authority.

VII. RECOMMENDATION

Your Committee recommends that The City Club of Portland go on record as favoring passage of State Ballot Measure No. 1.

Respectfully submitted,

Vernon I. Basler
Ernest H. Butts, Jr.
Robert E. Joseph, Jr.
Gerald G. Toy
Roger C. Wilder
John M. (Jay) Woodworth, and
Robert M. Kerr, *Chairman*

Received by the Research Board April 24, 1970 and approved for transmittal to the Board of Governors.

Received by the Board of Governors April 30, 1970 and ordered printed and submitted to the membership for consideration and action.

APPENDIX A

OREGON LEGISLATIVE ASSEMBLY — 1969 REGULAR SESSION

Senate Joint Resolution 22

Sponsored by JOINT COMMITTEE ON WAYS AND MEANS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Proposes amendment to Oregon Constitution, subject to vote of people at 1970 primary election, creating a new Article to authorize issuance by state of general obligations in amount of one-fourth of one percent of true cash value of all taxable property in state. Directs use of proceeds of bonds to pay outstanding indebtedness on state buildings and to construct additional buildings. Requires use of rentals and fees from buildings to liquidate bonds. Levies annual ad valorem tax for additional funds necessary to liquidate such bonds, but permits Legislative Assembly to supplement or replace such levy with other funds.

Be It Resolved by the Legislative Assembly of the State of Oregon:

Paragraph 1. The Oregon Constitution is amended by creating new sections to be added to and made a part thereof, to be designated Article XI-H, and to read:

ARTICLE XI-H

CAPITAL CONSTRUCTION FOR STATE GOVERNMENT

Section 1. The credit of this state may be loaned and indebtedness incurred in an amount that may not exceed at any one time one-fourth of one percent of the true cash value of all taxable property in this state, as determined by law, to provide funds with which to:

(1) Repay outstanding indebtedness incurred to finance the cost of buildings, structures and other projects for state government; and

(2) Construct, improve, repair, equip and furnish buildings, structures and other projects self-liquidating and self-supporting.

Section 2. The buildings, structures and other projects constructed, improved, repaired, equipped and furnished under subsection (2) of section 1 of this Article shall be such only as conservatively appear to the constructing authority to be wholly self-liquidating and self-supporting from gifts, grants, rentals and parking or other building fees. All unpledged net revenues of existing buildings, structures and other projects for state government may be pooled with the net revenues of new buildings, structures and other projects in order to render the new buildings, structures and other projects for state government, and to purchase or improve sites therefor.

Section 3. Ad valorem taxes shall be levied annually on all taxable property in this state in sufficient amount, with the revenues described in section 2 of this Article, to provide for the payment of such indebtedness and the interest thereon. The Legislative Assembly may provide other revenues to supplement or replace such tax levies.

Section 4. Bonds issued under this Article shall be the direct general obligations of this state, be in such form, run for such periods of time, and bear such rates of interest, as are provided by law. The bonds may be refunded with bonds of like obligation. Unless otherwise provided by law, bonds may not be issued under this Article for the construction of buildings or other structures until all of the outstanding indebtedness has been repaid under subsection (1) of section 1 of this Article.

Section 5. The Legislative Assembly shall enact laws to carry out this Article. This Article supersedes all conflicting provisions of this Constitution.

Paragraph 2. The amendment proposed by this resolution shall be submitted to the people for their approval or rejection at a special election to be held at the same time as the regular state-wide primary election in 1970.

**REPORT
ON
REVISED CONSTITUTION FOR OREGON**

(State Ballot Measure No. 3)

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

I. INTRODUCTION

Your Committee was asked to study and report on the Revised Constitution for the State of Oregon proposed by Senate Joint Resolution 23 referred to the voters by the Oregon Legislature as Ballot Measure No. 3, having the following ballot title:

REVISED CONSTITUTION FOR OREGON

"Provides for a new and revised Oregon Constitution. Deletes obsolete provisions and makes changes including but not limited to: increases membership of both houses of Legislature by five; expands right to counsel for indigents; exempts from 6% limitation first annual levy of a newly-created taxing unit; prohibits state from selling or giving away State-owned ocean shore."

Senate Joint Resolution 23, as printed by the Secretary of State consists of 25 pages and is, therefore, not set out in full. The present Constitution adopted in 1859 covers 42 pages. This report deals with those changes that are included in the proposed Constitution of 1970.

II. SCOPE OF RESEARCH

Your Committee interviewed The Honorable Clay Myers, Secretary of State; Don S. Willner, State Senator and co-sponsor of Senate Joint Resolution 23; Allen P. Wheeler, Master, Oregon State Grange; Hans Linde, Professor of Constitutional Law, University of Oregon; Thomas Mahoney, Portland attorney and former State Senator; and Mrs. George A. Casterline, President, League of Women Voters of Oregon.

Various works⁽¹⁾ were consulted as well as editorial comment in local newspapers.

III. BACKGROUND

Oregon's present Constitution was adopted in 1859. In the 111 years since more than 115 amendments have been added.

The present concern with constitutional reform commenced in the early 1950s. In 1953, a Governor's and Legislative Constitutional Commission was appointed which reported unanimously in 1955 that the Constitution needed extensive revision. In 1959 the Legislature referred to the voters the so-called "Gateway Amendment" which allows the Legislature by a two-thirds vote of each house to propose as one ballot measure a revision of any part or all of the Constitution. In 1960 this amendment was adopted, largely due to the efforts of the League of Women Voters which has long spearheaded the fight for constitutional revision.

The 1961 Legislature created a Constitutional Revision Commission by resolution which stated that "parts of the Constitution of Oregon have become obsolete

⁽¹⁾Oregon AFL-CIO Reports, Vol. 12, No. 1, April 1970
Oregon Liberty News, Vol. 2, No. 3, March 1970
News Letter, League of Oregon Cities, April 10, 1970
Portland City Club Bulletin, *Constitutional Revision Review*, Vol. 47, No. 37, February 1967
Portland City Club Bulletin, *Interim Report on Constitutional Revision*, Vol. 47, No. 49, May 1, 1967
The Oregon Motorist, Vol. 49, No. 4, p. 1
Women's Legislative Council Information Sheet (no date)

during the century since its adoption"; "many conflicts and ambiguities have been created by scores of amendments in that time"; and "Oregon cannot adequately reflect its 20th Century attitudes in the framework of the 19th Century Constitution."

The Commission made its report on December 14, 1962 under the title, "A New Constitution for Oregon." The Commission's revised Constitution was introduced in the 1963 Legislature. After passage by the House, the constitutional revision effort died in the Senate.

After the 1963 Legislature failed to refer a revised Constitution to the people, a "Citizens Committee for Revision of the Oregon Constitution" attempted to bring about the submittal of a revised Constitution by the initiative process. However, the Oregon Supreme Court ruled that a revised Constitution could not be the subject of an initiative.

The 1965 Legislature saw constitutional revision pass both House and Senate in different versions, but conferences between the houses failed to reach agreement.

Again in 1967 the Legislature had before it the issue of constitutional revision, stimulated not only by the continuing efforts of the League of Women Voters but also by the recommendations of the City Club of Portland, based upon its report on Constitutional Revision Review approved by the City Club membership on February 17, 1967.⁽²⁾ The same City Club committee followed this report with an "Interim Report" in which it found that "the [1967] House version is clearly more responsive [than the Senate version] to the views of the several organizations, committees and officials who have favored a substantial revision of the state Constitution. It is closer also to the recommendations of this Committee." This Interim Report, submitted to the City Club membership for information on May 1, 1967, urged the Senate to "act on the needs of the state for a substantially revised Constitution."⁽³⁾ However, the 1967 Legislature failed to refer a revised Constitution.

Although the 1969 Legislature saw no lobbying for a revised Constitution in its closing day, the Senate and the House both concurred in a version of a revised Constitution for referral. Final action by both House and Senate came on May 22, 1969, just prior to adjournment.

The proposed revised Constitution was presented to and adopted by the House and Senate on the theory that it was largely a "housekeeping measure," designed merely to incorporate most of the non-controversial provisions which had been generated by the constitutional reform movement of the 1960s. Omitted from the proposed Constitution was any attempt to "reform" the executive branch of the government along the lines which had been suggested by the Constitutional Revision Commission or previous legislatures. Also omitted was any attempt to alter the basic structure of the judiciary by such controversial matters as a revised system of election of judges.

IV. CHANGES INCLUDED WITHIN THE PROPOSED CONSTITUTION

Generally speaking, the Constitution is shortened, updated and reorganized. Defects in language, including grammar and spelling, have been corrected without changing content. The changes are spelled out in a report of the Legislative Counsel's office, *A Proposed New Oregon Constitution*, dated March 6, 1960.

Specific changes are of various types. The first writes into the Constitution provisions that are now law by court decision. An example is the right to appointed counsel in criminal cases where the defendant may be jailed. Another is the so-called substantive Due Process Clause guaranteeing legal remedies. At the same time, some

⁽²⁾Portland City Club Bulletin, *Constitutional Revision Review*, *op. cit.*

⁽³⁾Portland City Club Bulletin, *Interim Report*, *op. cit.*, p. 287

provisions in the present Constitution are deleted and enacted as statutes. An example is the deletion of the material on selling alcoholic liquor by the drink. Other deleted provisions include the requirement for a unanimous jury verdict in a first degree murder case, material on the powers of People's Utility Districts, and property and pecuniary rights of married women. Other changes are substantive, some of which will be commented on below.

Changes in Legislative Branch

The new Constitution would enlarge each house of the Legislature by five members. Also, the requirement that Legislative Districts not cross county lines is deleted. The Legislature is made a continuous body for its two-year term. It can call itself into session by a majority of each House's members so consenting and the presiding officer so directing. The Legislature is empowered, if its members unanimously consent, to pass a group of bills on one vote. This is the so-called Unanimous Consent Calendar. Also, the legislative privilege from suit for libel or slander would be extended from legislative debate to committee meetings.

Changes in Executive Branch

The Governor, Secretary of State and Treasurer are no longer limited to two terms. In the event of the Governor's absence from the state, he need not designate an acting Governor, as formerly required. The Governor is to appoint the heads of principal executive departments subject to confirmation by a majority of the Senate. All so appointed are subject to removal by the appointing authority. The Legislature would be given the power to legislate a classified personnel merit system. Provisions are made to cover the event of the Governor's disability.

Changes in Judicial Branch

The Supreme Court would be made the head of a unified judicial system. All judges above the level of county courts would be required to be licensed to practice law in Oregon.

Other Changes

The required number of petitioners to institute a recall petition would be raised to one-third of the votes in that jurisdiction for all candidates for Governor. Presently the requirement stands at 25 percent of the voters who voted in a given jurisdiction for Justice of the Supreme Court.

The constitutional requirement presently in effect that limits state bonded indebtedness to \$50,000 would be changed. The people would be required to approve by a majority of votes all indebtedness except that entered into in cooperation with the United States or an agency thereof or those involving a lease for a public purpose of real property not to exceed twenty years. The designation of the uses for moneys collected from gas taxes is changed by adding the phrase "or otherwise directly in aid of highway traffic."

The State would be prohibited from selling State-owned beaches, but is empowered to grant leases, easements and licenses that would be consistent with public use and enjoyment.

V. ARGUMENTS FAVORING THE MEASURE

Arguments advanced to your Committee favoring the Revised Constitution are summarized as follows:

- The present Constitution is overburdened with excess wordage.
- A document in more modern language would better serve the interests of the citizens of the future.
- Certain grammatical errors and obsolete provisions are not worthy of this State's highest law.
- After 110 years, some streamlining is necessary.

—The changes in the size of the Legislature together with allowing Legislative Districts to cross county lines will greatly simplify the reapportionment problem.

—Making the Legislature a continuous body would create the flexibility needed in the future.

—It will permit the Legislature to meet every year upon vote of the Legislature.

—The Unanimous Consent Calendar will facilitate the passage of agreed-upon legislation in a manner that will free the Legislature for debate upon more controversial matters.

—The Governor rather than a substitute will continue acting as head of the State, even if absent from the State.

—Permitting the Governor, Secretary of State and Treasurer to be elected for more than two terms will encourage good people to seek positions and to stay on.

—A unified judiciary is necessary for the proper administration of justice in the State.

—Recall should be more difficult to initiate to eliminate political harassment.

—Bond measures do not have to be enacted as amendments to the Constitution, although still requiring voter approval.

—State title to Pacific Ocean shorelands should be protected by constitutional sanction.

—In effect, all of the so-called changes are non-controversial and the new Constitution is really an updated version of the existing one, which revision is long overdue. This revision lays the foundation upon which future major constitutional changes can be made.

VI. ARGUMENTS AGAINST THE MEASURE

The arguments advanced to your Committee against the proposed Revised Constitution can be summarized as follows:

—The present Constitution has served this State and its people well for 110 years and should not be tampered with.

—The language of the existing Constitution carried an historic beauty that should not be destroyed.

—The elimination from the Constitution of the specific powers of People's Utility Districts constitutes a threat to the continued prosperity of those districts.

—Each of the proposed changes should be submitted separately to the people and not under a so-called Revised Constitution.

—The raising of the required number of petitioners for recall is unsound and will weaken the voters' check on officials.

—The elimination of the two-term limit for major state officials is directly contrary to a previous constitutional amendment voted upon and approved by the people that limited these officials to two terms.

—The unanimous consent provision for the passage of legislative bills "in bushel baskets" creates a danger that irresponsible legislation will slip through.

—The principle of a citizen legislature might be endangered if annual sessions are held as a result of a continuous Legislature.

—The use of gas tax money for purposes "otherwise directly in aid of highway traffic" is vague and could result in a diversion of revenues to mass transit or other uses.

—This Revised Constitution does not contain those elements of a new Constitution that should be included, such as executive reorganization, and no fully revised Constitution should be submitted to the people without it truly being progressive, because, if this Constitution passes, the thrust for constitutional reform will have run its course.

VII. DISCUSSION

Considering the turbulent history of prior efforts to secure a revised Constitution, it is indeed somewhat surprising to find that the voters are finally faced with a proposal to adopt a new Constitution. It is to be recognized, however, that the document presented for consideration is a compromise, and that it is not intended to be the end of the line.

One of the objections to the new Constitution is that it doesn't go far enough, but, to paraphrase a line from a popular musical, the proposers felt that they had gone about as far as they could go.

The measure pares down a document of 22,000 words to one of about 12,000. It removes archaic language, clarifies ambiguous sections, relegates to statute many provisions which students of government have long felt belong in statutes rather than in the Constitution, and also makes some substantive changes to the extent the revisers felt would be palatable. In the main, it is unwillingness to accept one or more of the substantive changes, and not objection to revision generally, which forms the basis of the opposition to adoption of the new Constitution.

An important substantive change, to which no one has indicated opposition but which has immediate practical value, is the change in the redistricting procedures which eliminates county lines as a requirement for boundary of a district. To obtain the "one man, one vote" requirement, the State will have to be redistricted, and under the present Constitution it will be impossible to attain "one man, one vote" redistricting. Consequently, the redistricting will be thrown into the hands of the courts unless the new Constitution is adopted.

The change in the section pertaining to PUDs relegates to statute the detailing of some of the powers of a district, for example, to hold elections, levy taxes, etc. The power to create PUDs is still embedded in the Constitution. Your Committee does not feel this change is significant or that it will mean the end of PUDs as some opponents to the revised Constitution fear.

A desirable change is the provision that the Governor retains full power even though he should leave the State. The present provision that his powers are turned over to the President of the Senate on such occasion is truly a vestige of the covered wagon period.

Complaints that the change permitting use of gasoline tax revenues for purposes "otherwise directly in aid of highway traffic" find little sympathy with your Committee. The expressed fear is that it permits raids on the highway fund for such purposes as public mass transit. Those who regularly witness a slow crawl to and from downtown Portland on our congested freeways might well believe that some help to our mass transit system would be a worthwhile aid to highway traffic.

One could question the desirability of extending the area of immunity of legislators to committee hearings and interim hearings, or the necessity of increasing each house by five members when an increase of one each would have given the desired odd number in membership, but neither change is so significant as to demand rejection of the revised Constitution.

The revision would also permit a new tax base to be adopted at any "regular, periodic" election of the taxing district thus restoring the times for election cut out in a recent constitutional amendment limiting tax base adoptions to primary and general elections. This may be an undesirable way of avoiding the results of the recent constitutional amendment, but certainly is not reason for rejecting the revised Constitution.

The Committee heard no objection to the provision summarized in the ballot title which permits a newly created taxing unit to levy its first year's taxes without voter approval. Since this provision would permit a new taxing unit (such as the Multiservice District) to get started soon after its creation, it appears to have merit. The taxpayers are protected by the requirement that the district obtain voter approval for its tax base for its second year, after which it is subject to the 6 percent

The other changes such as those increasing the number of signatures to recall petitions, removing the limitation in the number of terms for the Governor and limitation.

other elected officials, the provision for a continuous Legislature, the question of use of highway funds, and the other changes mentioned in this report have been carefully considered by your Committee. It is your Committee's conclusion that the stated objections to such changes do not outweigh the advantages to be derived from the adoption of the revised document.

VIII. CONCLUSION

It is the opinion of the Committee that the general revisions of language, style and length are necessary and long overdue and sets the basis for further change. Failure to accept this revision will undoubtedly kill any further efforts for revision for a long time to come.

The arguments for the revised document as a whole greatly outweigh the objections to specific changes.

IX. RECOMMENDATION

Your Committee recommends that the City Club go on record as favoring the passage of Ballot Measure No. 3.

Respectfully submitted,

Karl A. Langbecker
 Hugh McGilvra
 Paul R. Meyer
 James A. Nelson
 Norman Sepenuk
 Thomas H. Tongue, and
 Kenneth S. Klarquist, *Chairman*

Approved by the Research Board April 23, 1970 and submitted to the Board of Governors.
 Received by the Board of Governors April 30, 1970 and ordered printed and submitted to the membership for consideration and action.

**REPORT
ON
CONSTITUTIONAL AMENDMENT
LOCAL SCHOOL
PROPERTY TAX EQUALIZATION**

(State Measure No. 6)

Purpose: Amends Oregon Constitution by providing for an exception to 6% limitation on property taxes. Authorizes Legislature to increase tax bases for taxing units (such as a county), but requires that the proceeds from the higher tax must be used to reduce tax levies made by school districts. The purpose of this measure is to provide the Legislature more flexibility in equalizing school property tax burdens within a county or other taxing unit.

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

I. ASSIGNMENT

Your Committee was established to study and report to the City Club membership on State Measure No. 6, a proposed constitutional amendment which will come before the voters at the Primary Election, May 26, 1970.

This measure appears on the ballot by virtue of House Joint Resolution 25 filed with the Secretary of State June 13, 1969.

II. TEXT OF AMENDMENT

BE IT RESOLVED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF OREGON:

Paragraph 1. The Constitution of the State of Oregon is amended by creating a new section to be added to and made a part of Article XI and to read:

Section 11a. Notwithstanding section 11, Article XI of this Constitution, the Legislative Assembly by law may prescribe tax bases for taxing units that are higher in amount than those otherwise determined under section 11, Article XI of this Constitution, when the proceeds of taxes levied under the prescribed increase are to be used as offsets against levies made by common school districts and union high school districts.

III. SCOPE OF INVESTIGATION

Your Committee interviewed the following persons:

Lester Rood, Superintendent, Clackamas County, Intermediate Education District

Thomas J. Sommerville, Superintendent, Multnomah County, Intermediate Education District

Joyce Benjamin, Chairman, Intermediate Education District Commission

R. E. Jewell, Superintendent, Bend Public Schools

Your Committee wrote to fifty officials and officers of educational organizations and public school districts asking their opinions. One or more school superintendents in each county were included. Twenty-three replies were received.

Your Committee examined the following documents:

Public School Survey and Recommendations (1969), Business Task Force on Education, Inc.

Building for the Future (1968), State Plan for Organizing Intermediate Education District Commission

Washington County Intermediate Education District, Proposed Budget 1970-71
District Facts (1968), State of Oregon, Office of the Governor Planning Section
Oregon Constitution

Attorney General's Opinion No. 6677 by Attorney General Lee Johnson, November 26, 1969

Ballot Measure No. 6—Explanation by Committee designated pursuant to ORS 254.210

Oregon Board of Education—Questions and Statements relative to Chapter 672, Oregon Laws 1969, and HJR 25 and Answers and Information to same provided by William I. Linklater, Assistant Attorney General

Senate Bill 77

Senate Joint Resolution No. 23 (State Measure No. 3) Revised Constitution
 Analysis of Ballot Measure No. 6 by Dale Parnell, Superintendent of Public Instruction, State of Oregon

IV. BACKGROUND FOR THE MEASURE

House Joint Resolution No. 25 (HJR 25) is a proposed constitutional amendment that will be submitted as State Measure No. 6 to a vote of the people at the May 26, 1970 Primary election. The immediate, though unstated, purpose of this amendment is to effect reorganization of the Intermediate Education Districts (IED) as provided for in Senate Bill 77 (S.B. 77) of the 1969 Legislature. Inquiry by the Committee revealed a general lack of knowledge concerning the organization and functions of IEDs. The following information regarding IEDs is provided to explain why the proposed reorganization of these districts requires a constitutional amendment.

IEDs are an administrative layer of organization between the local school districts and the Oregon Board of Education. The present IEDs evolved through many changes over the years. In 1963 they were assigned the functions of the County School Districts. Current IED functions are:

1. Educational Services⁽¹⁾
 - a. Those required by statute or delegated by the State Department of Education such as: obtain and maintain certification of teachers employed by the districts; assist districts to meet Oregon Board of Education standards; work with the Oregon Board of Education personnel and consultants; and collect and disseminate data.
 - b. Services approved by the Superintendent of Public Instruction, within the authority of the component districts, and requested by them such as: general consultant services; in-service training; guidance and testing services; school health services; federal program assistance; central purchasing; library; curriculum improvement; instructional materials; special teachers; special education; and data processing services.
2. Tax Equalization⁽²⁾
 Levy and distribute uniformly through the county a tax approximately equivalent to 50% of the operating costs of all the school districts within an IED (the county-Equalization levy).

Experience since 1963 has revealed a need for further reorganization to expand the IEDs into regional educational districts (disregarding county lines) with

⁽¹⁾These services must be required by statute or requested by two-thirds of the local school boards representing a majority of the student population.

⁽²⁾Tax equalization by Intermediate Education Districts is a procedure, established by law, whereby property owners in all school districts within a county pay a tax levied by the IED. The IED then redistributes the money collected to the various school districts in the county, based on the number of school children in each district. This provides a tax offset and affords property tax relief to districts with a low assessed value in relation to the number of children.

enough students and adequate tax bases to insure adequate and economical services. Such reorganization would be consistent with the requirements of the Federal Government for the distribution of Federal funds for educational purposes.

The 1967 Session of the Legislature enacted Chapter 542, which provided for IED reorganization to take effect May 31, 1970. It also created the IED Commission consisting of eleven members appointed by the Oregon Board of Education. The Commission divided the State into six regions and appointed an advisory committee in each region to study reorganization within that region and submit a plan to the Commission for its consideration.

The IED Commission issued its report to the Oregon Board of Education on December 10, 1968, recommending the establishment of fourteen IEDs. The Oregon Board of Education followed most of the recommendations but made some boundary changes and adopted, on August 20, 1969, what is called the State Plan for IED Reorganization.

Early in its studies the IED Commission became aware that spreading a tax equalization over an enlarged IED involving more than one county would meet strong opposition and probable defeat. After considering several alternative plans, the Commission recommended and the Legislature concluded that the most practical method would be to shift the tax equalization function from the IED to the county government and confine equalization to the limits of each county. To accomplish this, an additional tax base would be required so as not to upset the other functions of the counties.

State Measure No. 6, if approved by the voters, will provide the taxing authority needed to effect transfer of the tax equalization function to the counties. The constitutional amendment would permit the Legislative Assembly to prescribe tax bases for taxing units that are higher in amount than those otherwise determined under Article XI, Section 11, of the Oregon Constitution.⁽³⁾ An additional tax base, as provided for in State Measure No. 6, would be limited to use as a levy for school tax levy offset purposes. This tax under the provisions of SB 77, would be limited to the 1969-70 tax equalization levy plus 6 percent and would be used to replace part of the tax levy of each local school district, which in turn would have to meet the 6 percent restriction of the Constitution.

SB 77 states in detail the procedures first proposed by the 1967 Legislature and finally adopted by the 1969 Legislature for reorganizing the IEDs. This bill, though complicated and in need of legal interpretation on many points, would restrict IED activities to educational services and would limit the tax amount an IED Board could levy to five percent of the previous year's service operating budget. At present there is no statutory limitation on this portion of the IED levy.

Voter approval of State Measure No. 6 would cause SB 77 to become law, thus providing both the constitutional authority and the procedures needed to implement the proposed reorganization. Passage of the ballot measure would afford the Legislature a degree of latitude in school financing that is now constitutionally impossible. Voter rejection of State Measure No. 6 would nullify SB 77, and leave the IED status exactly as it was prior to the 1969 session of the Legislature.

V. DISCUSSION

SB 77 has assumed that the IEDs are necessary in the State's public education system, and that equalization of school taxes to achieve high quality education service to all school children is sound in principle. SB 77 also recognizes the need for IEDs of adequate size and financing to provide the needed services, and that reorganization is needed for efficient and economic operation. Your Committee did not evaluate these assumptions because other deficiencies in the Bill made it unnecessary.

⁽³⁾Section 11 of Article XI of the Constitution of Oregon now provides that a taxing unit (i.e., county, municipality, or special district) has no power to raise a greater amount of revenue in any one year than its tax base plus six percent. A tax base is that fixed amount of money that a governmental unit can raise by levying a tax as provided by law. The initial base must be approved by the voters of the taxing unit. Thereafter, the unit can increase the tax base by no more than six percent annually (the 6% limitation) without voter approval.

Senate Bill 77 was adopted by the Legislature during the last few days of the session. This late action resulted in many knotty problems. On October 15, 1969, Assistant Attorney General William I. Linklater, in answer to 37 questions posed by the State Board of Education relative to SB 77 and HJR 25 (Measure No. 6), stated that passage of State Measure No. 6 would require Court interpretation of some key provisions of SB 77. Persons favoring passage of the measure argue that its obvious imperfections can be corrected at the next session of the Legislature. Persons not favoring passage of the measure point out that too many questions are left unanswered. For instance, does State Measure No. 6 restrict legislative authority over tax bases to County Government only, or may school districts and IEDs apply for increased tax bases? How much of the current tax base of a withdrawing IED can be used in the ensuing year? Another problem is that IEDs were given authority under SB 77 to withdraw from the plan and IEDs in 15 counties, including all existing county units or single school districts encompassing an entire county, passed resolutions asking not to be included in the enlarged IEDs. These counties are: Baker, Harney, Sherman, Gilliam, Jefferson, Curry, Yamhill, Washington, Clackamas, Crook, Hood River, Josephine, Klamath, Lincoln and Morrow. Some indication has already been given that there will be an effort to restore this tax equalization in these counties at the next session of the Legislature, but as of now the passage of State Measure No. 6 could create hardship in some of these areas. The remaining areas of the state will become enlarged IEDs if the constitutional amendment is approved by the voters.

Twenty-three replies to the Committee's opinion poll regarding State Measure No. 6 (see Scope of Investigation) revealed that officers and officials of educational organizations and public school districts were divided: seven favored the measure, five favored it with qualifications, five opposed it, and six had no position on it.

VI. ARGUMENTS IN FAVOR OF THE MEASURE

Arguments advanced to your Committee in support of the measure have included:

1. While it appears to be a tax measure, it will not increase taxes.
2. Passage is necessary to carry out reorganization of IEDs. Reorganization will be set back if the measure does not pass.
3. Passage of the measure will:
 - a. Allow Senate Bill 77 to become operative and immediately reduce the present Intermediate Education Districts from the existing 29 to 23.
 - b. Allow some flexibility in administering a countywide school property tax equalization program.
 - c. Limit the tax amount an Intermediate Education District Board may levy for service purposes to give percent of the previous year's service operating budget.

VII. ARGUMENTS AGAINST THE MEASURE

Arguments advanced to your Committee in opposition to the measure have included:

1. State Measure No. 6 implements Senate Bill 77, which is so poorly drawn that it is practically inoperable.
2. State Measure No. 6 makes no mention of its relationship to Senate Bill 77 which goes into effect upon passage of the measure. The public will be unaware of what they are voting on.
3. State Measure No. 6 is about as poorly drawn as Senate Bill 77. For instance does State Measure No. 6 restrict legislative authority over tax bases to County Government only, as was intended, or may school districts and the Intermediate Education Districts apply for increased tax bases, thus allowing these units to use their levies to offset their expenditures?
4. If State Measure No. 6 passes, those districts that have withdrawn from the State Reorganization Plan will lose tax equalization.

5. Senate Bill 77 becomes effective May 31, 1970, if State Measure No. 6 receives a favorable vote. It has never been determined how much of the current tax base of a withdrawn district can be used in the ensuing year.

6. Should State Measure No. 6 become effective, the 1971 Session of the Legislature will be faced with a major overhaul of Senate Bill 77. What happens to IEDs in fiscal year 1970-71 is anyone's guess.

7. Senate Bill 77 is not in the best interest of education. Politics entered into the reorganization plan right from the beginning. The refusal to spread a tax uniformly over a newly-created district is one example. Senate Bill 77 can never be developed into a satisfactory law.

8. The exception to the 6 percent limitation on property taxes may be broader than intended.

VIII. MAJORITY CONCLUSION

It appears that State Measure No. 6 would create many problems and much confusion if passed. If reorganization of the IEDs is necessary, the Legislature should have an opportunity to prepare a bill that will accomplish its objectives with less confusion.

IX. MAJORITY RECOMMENDATION

The majority of your Committee recommends that the City Club of Portland go on record as not favoring this constitutional amendment and urges a vote of "No" on State Measure No. 6.

Respectfully submitted,
 Forrest Blood
 Robert L. Furniss
 Don A. Johansen
 R. Burke Morden
 Spencer H. Vail
 Robert L. Weiss, and
 William H. Gregory, *Chairman*
 for the Majority

X. MINORITY CONCLUSION

While it is realized that many unanswered legal questions have been created, it is believed that these will exist only for one year or until after the 1971 Legislature meets and corrects them. If State Measure No. 6 is defeated, reorganization of the IEDs will be delayed three or more years. The importance of immediate action on reorganization outweighs the problems created.

XI. MINORITY RECOMMENDATION

The minority of your Committee, therefore, recommends that the City Club of Portland go on record in favor of Ballot Measure No. 6, and recommends a "Yes" vote.

Bert J. G. Tousey,
for the Minority

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