

SAIF way OK'd by Legislature

By DON JEPSEN
and TERRY McDERMOTT
Journal Staff Writers

SALEM — State legislators went home Friday night with a balanced budget. The attorney general's staff went home with bulging briefcases to begin researching a way to defend what the Legislature did.

The House and Senate approved a \$91 million budget-balancing plan that hinges on the legality of the state taking \$81 million out of a surplus account accumulated by the State Accident Insurance Fund (SAIF), a semi-public workers' compensation insurance corporation.

SAIF officials protested the action vigorously and lawsuits on the SAIF raid are anticipated.

The courts were closed by the time the Legislature completed its one-day special session around 10 p.m. And Monday is a holiday. But, said Attorney General Dave Frohnmayer, "We expect them to be in court Tuesday morning."

The plan to raid SAIF and tap the state property tax relief account for another \$10 million was proposed by Gov. Vic Atiyeh and legislative leaders who guaranteed votes for approval of the plan before Atiyeh called the assembly in for its third special budget session of the year.

Their guarantees held. The three bills in the package passed the House by a comfortable margin, but the lynchpin tap on SAIF was a squeaker, drawing 15 votes on the first roll call before Sen. Mike Thorne, D-Pendleton, switched from nay to yea to give the measure the constitutionally required 16 votes.

Almost all of the debate concerned the SAIF raid portion of the package.

Atiyeh defended the plan in a speech to a joint session of the House and Senate Friday morning, slapping SAIF officials for their intense lobbying effort that he said was characterized by misinformation and misunderstandings.

Atiyeh was adamant in his defense, saying the proposed raid on the surplus account was justified. He also said he would never do it again.

"It is easy to criticize this proposal. It is not so easy to put forth any responsible alternative that is acceptable to the people

of Oregon," the governor said.

The SAIF raid was devised last week. It was first suggested to Atiyeh by an executive with one of SAIF's privately owned competitors, legislative sources said. Since the plan was made public, SAIF officials — including political allies Atiyeh appointed to SAIF's board — sought to defeat it. The board has threatened legal action to prohibit the state from taking the money.

To make it more difficult for a court to issue such a prohibition, the Legislature adopted two bills containing alternate methods of getting the money. One bill would simply take the \$81 million as a "payment in lieu of taxes." SAIF, as a state-owned public corporation, pays no corporate income tax.

Fearing that approach might be declared illegal, Frohnmayer — who drafted the bills — added a second measure that becomes effective "if and only if" the first measure is thrown out in court. The second measure takes the \$81 million as a straight tax.

Rep. Glen Otto, D-Troutdale, an oppo-

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81st Year — No. 152

weather

Portland: Partly sunny Sunday.
Range 55-75. Coast: Fair and warm.
Range 50-70. Willamette Valley:
Sunny and warm. Range 55-75. De-
tails on page C8

LAST SPECIAL SESSION
IN 1982

★ Solons OK SAIF raid

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ment of the plan, raised the possibility that if that second law becomes effective, it would as a tax measure be subject to referendum and as such, could be overturned by the voters. The earliest that could occur, though, would be 1984.

Otto said the plan was "quick and easy" but "immoral." He said the SAIF surplus account should be returned to employers as a dividend. A minority report in the Senate proposed by Sen. John Kitzhaber, D-Roseburg, would require exactly that with any future surpluses.

That amendment failed.

SAIF officials have maintained that the surplus account was necessary to ensure their continued financial help. They said the surplus, which is unusually high by industry standards, is needed to pay possible unanticipated claims.

Opponents and supporters of the SAIF bills agreed the bills did raise substantive

questions about SAIF's operations. A special task force to investigate SAIF was promised by House Speaker Hardy Myers and Senate President Fred Heard.

The \$10 million chopped out of property tax relief reduces the maximum payment to homeowners under that plan to \$192. It is the third time this year the account has been cut. Maximum relief payments at the beginning of the year were \$425.

The governor will pare another \$4 million from budgets through allotment control, and \$10 million reserved by the legislative Emergency Board will be turned back. The total package is supposed to carry the state through the remainder of the biennium, which ends June 30, 1983, and provide an \$8 million carryover for the 1983-85 biennium.

This assumes there will not be another deficit. The three deficits thus far this year total more than \$500 million.

FINAL EDITION

Oregon *Journal*

Saturday, September 4, 1982 20¢

Journal ends 80 years of service

Oregon journalism starts new era in news coverage

By ROLLA J. CRICK
Journal Staff Writer

The Oregon Journal, in its 81st year, ceases publication with this edition.

The Oregonian, as it is known now, ceases publication Sunday.

Monday a new era in Oregon journalism begins, combining the full resources of the predecessors to produce a larger and more comprehensive daily and Sunday all-day newspaper under the masthead, "The Oregonian with all of the features of the Oregon Journal."

The new Oregonian will include all of the elements of a major newspaper of national stature. It will also present the most concentrated coverage ever of news, sports and features of the four-county Portland metropolitan area.

The more than 250 people in the editorial staffs of The Journal and The Oregonian have been integrated in a single team to produce the new all-day newspaper.

Donald J. Sterling Jr., moving from editor of The Journal to assistant to the publisher for the new Oregonian, said of the changes underway:

"We regret the passing of an 80-year-old institution (The Journal) which has

week from the start of the season to the Super Bowl," Mulflur said.

"We also will staff University of Washington football this year for the first time. We plan double the coverage of the Trail Blazers and there will be more coverage of the preps than there has ever been."

The combined newspaper will utilize the resources of eight wire services.

A major new thrust in local news coverage is the establishment of 10- to 12-person bureaus in Vancouver, serving southwest Washington; Gresham, serving East Multnomah County; Oregon City, serving Clackamas County, and Beaverton

ple now live in the suburbs. "Consolidation of Journal and Oregonian resources permits presentation of suburban news in a comprehensive and professional manner," he said.

The zoned editions will appear with the complete Oregonian for delivery to residents in the respective geographic areas.

Metropolitan Editor Jud Randall and Deputy Metropolitan Editor Jeff Wohler promise similar concentrated coverage of news in the core area of Portland.

Looking ahead, Hilliard said there are plans to establish news bureaus eventually in Olympia, Wash., and possibly in Eugene and Medford. He also said there will be a two-man bureau in Washington, D.C., that will provide extensive coverage of developments in the capital effecting both Oregon and Washington.

The combined daily circulation of the new paper, based upon the latest published Audit Bureau of Circulation report, should start near 330,000. For the six months ending March 31, 1982, The Journal had 100,039 paid circulation and The Oregonian 237,141.

At its peak in 1948, The Journal daily circulation was 201,421 and the Sunday circulation was 217,808. The Journal at that time had a 2,800 lead in daily city



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In newspaper tradition the number 30 means the end. And this is it.

The Journal looks at its past with a companion view to the future in a special section included in today's final edition.

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NOW PLAYING :

The Great SAIF Robbery

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"The Sacking of PERS"

