

VICTOR ATIYEH

July 9, 1993

Tape 45, Side 2

C.H.: This is an interview with Governor Victor Atiyeh. This is Tape 45, Side 2. Yes, go ahead.

V.A.: Well, there's rarely a time that an elected official can say, "I did something," because always there's somebody that is working with you or you work with them, or you compromise together, or whatever. In this case, I can clearly say that I, because of me, the Columbia River Gorge bill exists, and the reason I say that - it passed. It passed Congress.

President Reagan was going to veto the bill. I knew that he was going to veto the bill. That was not an unknown thing; it was speculated publicly in our newspapers. I called the White House and talked to Jim Baker, and I said to Jim, "Now I haven't asked you for anything."

And he said to me, "No, you haven't."

And I said to him, "This I want. I do not want the President to veto this bill."

C.H.: Why did the President plan on vetoing the bill, if both states wanted it?

V.A.: I don't recall. I don't recall what his hangup was, but he was going to veto the bill. I said to Jim Baker, "This I want. You know, there's a lot of chips I could have spent, and I never spent any of them. This here's my whole load of chips."

I didn't quite say it that way, but I did say it. I remember that conversation, "This I want." And so he didn't veto the bill. And we have the Gorge.

I will tell you, it goes way back. When I was going to start my senior year in high school, I went back to a national High Y convention, which was a YMCA high school club kind of thing. And that's a story by itself. My father and uncle decided that my dad couldn't do it, my uncle heard about it, and he said, "Well, you pay half and I'll pay half, and let's have Victor come."

The actual trip was in Ohio. I'll give you a quick one of that one. They actually went just all the way round the United States, meaning from the north all the way down south and back again. I left them, however, in New York, because that's where my uncle was, and then they continued on from there - they meaning my fellow delegates.

And I was back there for, I don't remember now, let me say a month or something like that. It was a long period of time I left home. And so, then I'm coming back home on the train. and I've been gone for quite a long period of time. And I woke up one morning, and I raised the shade of the train as we were coming down the Columbia River Gorge. And you know, it was just a very emotional feeling for me, and I remember that vividly. I remember a sea scout sailing up the Columbia River, and it was important, important to me to think that.

I've driven the Scenic Highway, taken friends on the Scenic Highway, and I've said, "You know, it's important to preserve this, to make sure that my children and their children and their children's children are going to have the same beautiful view that I have." So it was an emotional thing for me. Actually, that all didn't come into place until just about my last year, when finally everything came into place and it happened.

What I just told you is a story that nobody's known it. I didn't make a big deal out of it. I didn't say that the President's going to veto and I'm going to stop him, and whatever like that. But I'm telling the story as it actually happened, and that's the way it actually happened.

C.H.: Prior to the Gorge legislation, there were as many as fifty governmental agencies administering various aspects of the Gorge, and there was quite a bit of debate as to how much federal control there should be in the Gorge, some wanting the federal control, thinking that that would be the only way to really protect it as a unit, and others distrustful of the federal government. And then in the federal government, of course, there was the debate as to whether the Department of Agriculture and the Forest Service or the National Park Service and the Department of the Interior should have control, primary control.

Where did you fall on that, and how do you feel about the arguments before that?

V.A.: Well, I didn't think there had to be a whole lot of them. They had to narrow down who might or might not be. This was a federal matter. This was not something that two states can do on their own, and so it had to be a federal thing. There was the question of - as there was, incidentally, in regard to the Regional Power Bill, you know - as to how much the federal government control of all this whole thing, because Bonneville was so deeply involved in it. And so how much it should be.

I really didn't care which one they picked, and how it was going to be handled. What I wanted to make sure is that there was some kind of authority within each state. Again, like the Regional Power Bill, the Power Council was my idea, that we had to have a

council representing the states that were involved, and that's exactly what happened on the Regional Power Bill.

The Columbia River Gorge Commission which we had on the Oregon side, and they had one on the Washington side, but they were sort of - they wanted to do so much and had so very little authority, and to give them a little bit more authority. Where we had our land use planning, we had to make sure there was land use planning on the other side.

So as long as there was some kind of local pressure and local interest, that really was the important thing to me. As to which agency of government was going to have to deal with it, I didn't mind the U.S. Forest Service. We did a lot of trades with them while I was a member of the State Land Board. There were trades going on that we would acquire for public use, lands along the Gorge, a little piece here, and a little piece there. That was on the Oregon side.

You know, we've done a good job on the Oregon side, but I wanted to make sure that there was going to be a good job done on the Washington side. So I mean, I wasn't really hung up about what federal agency. I wanted to make sure that there was continually - if you have local people, then you have local pressure on local people. It's very hard to have local pressure on national people. They don't have the same response. So I wanted to make sure that we had that at the local level.

C.H.: It's now a federal scenic area?

V.A.: Yeah, something like that, yeah.

C.H.: So is that under which department, then?

V.A.: I couldn't tell you, because I told you I don't care. I don't remember.

C.H.: Actually, probably, the biggest element of the session for you, the '85 session, was your tax plan. Would that be right?

V.A.: Yes.

After having said this is your last shot a few more times earlier, let me back some again, because again this is not something that's generally known. I never saw it in the press anywhere. I remembered it, of course, but it was brought more keenly to mind with Governor Roberts having gone to the hospital.

^{LAST} One Sunday night before the Monday session, and this was my address to the Oregon Legislature as Governor, I had prepared my speech, I had it done. I usually go through it, then mark it up and scratch on it and cross things out and things of that kind, and it was a very important speech to me. There was a dinner, Republicans, and the House and Senate members and some lobbyists and all this. This is the day before the session - evening before the session, and I was to say a few words.

Delores and I were there. All of a sudden, I really got very dizzy. Very. And I knew I had to get up and say some words. So I was kind of holding back, because I wasn't feeling well at all. Finally I got up and said whatever I was going to say, and I don't even remember that, and right after that I left. I remember that.

We drove home. Now I'm really spinning, and I'm beginning to perspire. Got home, put my pajamas on, got into bed, but I really was feeling really quite - I wasn't feeling well at all. Finally went to the hospital, emergency ward, and my doctor, Dr. Bill Drips, great, great guy, he came. This was at night. They gave me a shot to take care of my dizziness.

They began to monitor it because it had the signs of a heart attack, and you know, monitor and check all of that out. I stayed

in the hospital all that night, being monitored all the time, and I began to worry about now I've got to go and make that speech at - I don't know, at 10:30, eleven o'clock in the morning.

So I was feeling a little bit better in the morning, and I'm waiting for, you know, the word from the doctor, because I want to get out. I wanted to get out and I wanted to finish off my speech. He finally approved it: "Okay, you can go." They never did figure out quite what it was. Dolores and Denny Miles expressed that they thought the Rajneesh were doing funny things to people, that maybe something was involved that way, I don't know what it is.

C.H.: Had you had any contact with them?

V.A.: No. No. But you don't have to. Like the people at The Dalles. I don't know whether that is a fact or not, but the point is that - and a matter of fact, I'm writing the preamble to all my as-delivered speeches as I have them bound, and I was speaking to that point because I wanted a pen to start marking up my speech. And all we could get a hold of was a green one, so for the first couple pages I have green marks on it, and then I left the hospital, and the rest of it was done after I left the hospital.

But anyway, I got there and made my speech, and again, nobody really knew this ever happened to me. I don't know today what it was, and Bill Drips doesn't know, but really it was a terrible feeling. I haven't felt anything like that before or since.

C.H.: You'd had some problems - I can't remember now whether that was earlier or not - over some kind of an infection, wasn't it, or a reaction to a drug, an antibiotic drug?

V.A.: I don't recall that. There was another time I wasn't feeling well at all. Feeling very badly. Again, they didn't know

what it was. The media was aware that I was not well, and I told Denny, "How are you going to tell the media I'm not going to die?"

They had this remembrance of Wayne Morse, who had cancer and died and didn't tell anybody, and so they were kind of going along that line. Afterward, I said to both Denny Miles and Dr. Drips, I said, "You know, if anything like this ever happens again, let's invent an illness so I could get cured from it. You know, when you don't know what it is, it's hard to describe it."

But that was different. I just was feeling really lousy. This was something that just happened suddenly. I mean, I went there feeling fine, then all of sudden this, I guess, vertigo or whatever you're going to call it, it was a terrible feeling. I got a shot in the behind to, I don't know, settle my stomach or do something, I don't know what it was. That bothered me for about a month after, where the shot in the butt was. You know, you get sore. But that reminded me of it.

Anyway, now we can get into the legislative session.

C.H.: Maybe we could just go back a little bit over the history. I know we've talked quite a bit about this before, because taxes have been such a focus of your career. But there have been so many attempts to provide different types of tax relief, particularly property tax relief, and I think we had mentioned earlier that the state income tax, which was first enacted into law in 1929, was created specifically to provide property tax relief, and that the sales tax proposals had failed six times between 1933 and 1969 which were intended to relieve property taxes, and that the 1.5 percent limit on property taxes had been on the ballot for the past four general elections, losing narrowly the last time.

The paper said that as the resistance to the property tax though the legislature tried to ward off tax limitation style political prairie fires by dumping more and more income tax cash into property tax relief, but schools had come to consume 80 percent of all the property taxes levied.

Russell Saddler in his editorial on taxes said four questions should be asked of any kind of plan. I'm just wondering how you were going through these thoughts in your mind. Should school districts that now spend more than the average in property tax dollars per student get the same amount in state sales tax revenues? How did you feel about that, as you were coming up with your own tax plan?

V.A.: I guess it's because I know so much about it. Russell Saddler - and I'm not just picking on Russell Saddler, you know, they can expound a whole lot of things without the responsibility for carrying them out. We had mentioned before that the one-and-a-half was unfair because there were some districts that were taking, let's say, thirty cents out of every dollar, another district's taking less than fifteen cents out of every dollar. And so when you put a one-and-a-half, the one's that are taking fifteen cents, they don't even know it happened, but the ones that were at thirty cents, they've lost half their money.

But you see, we have to take one step back from that, from what Russell Saddler is saying, and that is the whole matter of local control. And that was very important. It was important to me, and it was important I think to the people out there. So they had decided - that is, the patrons of that district - that's what they wanted to spend.

C.H.: How do you feel about the balance between local control versus state control? It manifests itself in so many different areas of state politics.

V.A.: Way back in tape number whatever, before number ten, I had told you the government closest to the people is the best. I believe that, firmly and without any reservation. So when you ask me the question, obviously my answer's going to be that I think local control is very important. So when a Russell Saddler says, are they going to get the same amount? These people have taxed themselves rather heavily, and I see no reason to say that they shouldn't get at least their proportionate share.

C.H.: So if they're willing to pay above average for their educational program, they should be entitled to do that.

V.A.: That's exactly right.

C.H.: Would you think that districts that choose to spend less than the average be forced to spend more?

V.A.: In my opinion, no. Again, the local patrons made a decision. I may want a better education for the people in those districts, but that's not my choice to make, that's their choice to make. They're being taxed for it, they're going to spend their money for it.

C.H.: But if the state constitution requires equal treatment, how do you deal with that dilemma?

V.A.: No, that's a tax matter. The constitution requires for the provision of common schools, or support of common schools, or something like that - I don't have the language - saying that that was a state responsibility, and the State said, "Okay, we will do this through local school districts." You see what I'm trying to say? So it wasn't a matter that the State has to do it by actually

having to do it. What they said is we will see that it happens through local school districts. That's the way history kind of worked its way out.

So my motivation was local control. I wanted to lower the income tax rate, and that was part of my economic development side of this picture. I wanted to treat the taxpayers somewhat uniformly. So these were the principles that I was applying.

And if I jump ahead a little, because we get finally to the tax bill that was finally developed and went before the voters, which was the sales tax, it limited the growth - I don't remember how many times we've said this - to limit the growth of property taxes, so at least the local patrons have some - they can do some planning ahead, to lower property taxes, to lower income taxes, and the vehicle to do that was the sales tax.

So for the first time, actually in my - up to that point in time it would have been 26 years in public elected office, I supported a sales tax. I would tell you, knowing everything I know about taxes - and it's very complex and you know, I've read, I did say earlier, the annual report of the Department of Revenue, and I was looking to see how many taxpayers, and how they were being hit and affected. I had a pretty good sense that this was treating Oregonians quite fairly, and we were able to make a change, we were able to establish tax bases, we were able to control the growth of property taxes, we were able to reduce income taxes, and all of this was going to be in the constitution.

I felt very comfortable with supporting that bill. We couldn't, however, get beyond sales tax. People aren't going to listen that long. You know, I think they're born with a genetic

thing. You say sales tax, and click! the mind goes off. You just turn off. "I don't want to listen. I don't want to hear anymore."

We produced a cartoon book. It was ridiculed, but it was a cartoon book. I've got a copy of it.

C.H.: Oh yes, yes, I remember how it was ridiculed.

V.A.: It was during the legislative session. But unfortunately, you know, if we had passed that, we wouldn't be in the soup we are today. I'd feel really good about Oregon and its future. Now, it's the future where it was pretty clear when I left office, at least, it's pretty hazy, to my mind. And I lament that it didn't pass, but it didn't, so we have to go with what the people say.

C.H.: How were you thinking about how timber revenues should be figured into school support, for those countries, the O and C counties?

V.A.: We really didn't fool around with that. That was a system that we had way back - again, actually starting in 1959, when I was a House a member, and finally concluded in 1961. And then there were some changes in subsequent years. The system of taxing timber, that was a separate situation all by itself.

C.H.: But you didn't feel it should be subtracted from the state revenue, sales tax?

V.A.: No, no. No, that was just going to continue as it was continuing. Now that's on the state side of it. Then there's federal forestlands and there's a law that relates to that, and the O and C actually is part of that federal, and there's some O and C counties, and there's some counties that are not O and C. And so, some get it and some don't. Some get it in a larger share than others.

C.H.: Was the intent of your plan to have a flat rate, or net receipts, income tax with no deductions?

V.A.: Well, no. You know, I know that's a good one, but you know when to stop banging your head on the wall. That's a very good idea, but no. We had made the change to using federal taxable amount and apply Oregon rates with a whole lot of variation, so it wasn't pure.

C.H.: But you wanted to keep the overall tax burden the same?

V.A.: I didn't want to change the system of doing it. I wanted to change how it was done. For example, when we wanted to lower the rate, we're just lowered the rate with the existing format - that is, of collecting taxes.

C.H.: So the sales tax would be a 5 percent, and it would get rid of property tax relief altogether?

V.A.: Yes. That's what I wanted to do.

C.H.: And the proceeds dedicated to school, community college financing, to offset local property taxes, would reduce by 45 percent, and it would exempt groceries, drugs, home purchases, rent and basic services. What about fast food purchases, where many poor people buy? That was an issue that was brought up.

V.A.: I don't think we got into that one. I don't recall that we dealt with - there's a whole lot of things that were done.

Incidentally, I'll tell you something funny. In the earlier sales tax, and this was printed in the Hillsboro *Argus* - I even think I have a copy of the article - and they were writing about that sales tax, I don't recall what year it was, and it was saying that this was, let's say, a 5 percent sales tax, and it was going to exempt food and rugs. Not drugs. rugs.

I called Walt McKinley, and said, "Hey Walt, I got enough problems as it is."

C.H.: Was that intentional?

V.A.: I think it was a typo, but I've got a copy of it. But it exempts food and rugs.

C.H.: I guess that got a few people a little suspicious about your motives.

V.A.: Actually, when you get into it, you mentioned a few things, but there's all kinds of things that are being debated whether they should be sales-taxed or not. All kinds of things. And then you have to make these kind of decisions.

I worked on the sales tax, very diligently, personally, although up to this point in time I opposed it. Because my thought was, well, you know, we might have one some day, and if we're ever going to have one, I'd just as soon it be a good one. So I worked on it, even though I opposed it. I wanted to make sure that if it ever happened, it was going to be as good and as fair as you could possibly make it. So, you know, we had a lot of tools, so you don't have to go reinvent one, there's a whole bunch of them out there.

C.H.: School districts could increase their tax base by up to six percent a year without voter approval?

V.A.: Yeah. And that was always one of those debatable things. Five percent, six percent, two percent, one percent, it depends on how conservative or liberal you are.

C.H.: What is lobbying like in the capital, when you're debating something as fundamental as a sales tax? Is it four against five?

V.A.: It's the same thing, like I worked on the sales tax to make sure it was a good one. They were hoping something wouldn't pass, but if it was going to pass, they wanted to make sure they weren't in it.

C.H.: Especially when you start exempting things. I imagine there's a lot of lobbying for that.

V.A.: There's a lot of lobbying, yes, there is, on whatever side it might be. And again, you just have to make a decision, finally, does it make sense to exempt it or doesn't it? In terms of eliminating food and drugs and some other things that relate to that, that whole thing is trying to make a sales tax less regressive. Meaning, the lower income is more likely to be dealing with food and more likely to be dealing with drugs, and so we won't tax that, and so we'll more likely avoid them from paying the sales tax. That's the basic concept.

There was a Dr. Sly that made a report in 1959. He wrote a book, and he didn't really approve a sales tax either. He was supposed to be one of these tax gurus, but he said that actually he thought for a long time that sales tax was regressive. But it becomes less regressive in his mind, because the likeliest recipient of tax dollars would be the low income - I mean, the state services or state dollars are coming back. So if they pay it, they're getting more than what they pay, and getting it back. Not a bad argument. It's a philosophical argument.

C.H.: Also, it seems like poor people really aren't spending that much outside of food and drugs and home purchases and rent and basic services.

V.A.: No. Rent, that's right.

C.H.: I've often wondered about that. It seems like the more money you have, the more money you spend. The more money you spend, the more you'd be paying in sales taxes.

V.A.: That's right. Exactly.

C.H.: So why is it considered, even on that side without the money coming back to the poor, why is it considered regressive?

V.A.: Well, you know, this is an argument that people don't really want to listen to. You say regressive. A lot of people don't understand that, but they know it's not good. So all you have to say is a sales tax is regressive. They don't have to explain that. Now if I want to explain where it isn't regressive, it's going to take me five minutes and nobody's going to listen to it that long.

But if you really look at it in its total context - as a matter of fact, forget sales tax for a moment - the ones that are really going to pay it full bore are, let me call it, the middle income. You, me, you know, people like us, because we're going to be buying a lot of things. We are actively in the market, if you will. The low income, just like you say, is less likely to. They have a limited spending, and a lot of it you exempt. And so the likelihood of them paying a sales tax is fairly remote, and if they pay it, it isn't going to be very much.

At the other end are the very wealthy. But they can only spend so much, you know. In what they spend, you know, they've got a lot of money, they can only spend so much. So you and me, we're in this middle.

[End of Tape 45, Side 2]