

Testimony in Support of SJR 201

Chair Broadman, Vice-Chair McLane, and Members of the Committee,

My name is Tyler Mac Innis, Policy Analyst for the Oregon Center for Public Policy, and I respectfully submit this testimony in support of SJR 201 on behalf of the Center. The Oregon Center for Public Policy is a nonpartisan think tank dedicated to improving the economic outcomes for all Oregonians, particularly low-income families and Oregonians of color, through research and analysis.

Congressional action has put Oregon in difficult fiscal waters. The federal cuts to SNAP and Medicaid funding in H.R.1 will require state lawmakers like yourselves to find billions over the next several biennia just to keep Oregonians fed and maintain their access to affordable healthcare. Indeed, the Oregon Department of Administrative Services [estimates that state agencies face more than \\$15 billion in cuts as a result of H.R. 1](#). Addressing these cuts to ensure Oregonians can put food on the table and see their doctor is perhaps the most important task facing lawmakers in the next several sessions. It is made all the more challenging by Oregon's unique kicker law.

The kicker is a tax rebate triggered when personal income tax revenue collections are two percent or more above what state economists predicted two years earlier, prior to the start of the budget period. Attempting to predict how the state, national, and global economies will fare two years into the future to determine how much money our state will take in within a two percent margin of error is an impossible task. And when the kicker kicks, it sends those unanticipated revenues back to Oregonians, disproportionately to those who are already well-off.

We recently published [analysis showing how Oregon has distributed nearly \\$11 billion across the last five kickers](#). Adjusting for inflation, an Oregonian in the bottom 20 percent of income earners – someone most impacted by the cuts to

SNAP and Medicaid – took home about \$550 in the span of a decade. An Oregonian in the top 1 percent collected more than \$84,000.

Our analysis also found [Oregon spent \\$3.2 billion over the last three biennia in kicker payments for the richest 5 percent of Oregonians](#). Looking ahead over the next three biennia, Oregon will need \$3 billion just to maintain basic food assistance at current levels.

SJR 201 provides a reasonable alternative: when unanticipated revenues rise above a certain level, half that amount is still returned to taxpayers, and half is set aside to fund core services Oregonians expect from their state. While we would still prefer to do away with the kicker altogether, or [improve the distribution so that it better supports hardworking families](#), we support this proposal to limit the size of the kicker and better utilize the savings to address the needs of Oregonians.

The time to reform the kicker is long past due, but it is all the more urgent as a result of the fundamental realignment we are seeing between the federal government and states in the wake of H.R. 1. As Oregon will be tasked with footing a larger share of the bill to provide the services Oregonians rely on to meet their basic needs, we can no longer afford poorly crafted tax policy like the kicker.

I urge your support of SJR 201.