

Submitter: Dan Jaffee
On Behalf Of:
Committee: Senate Committee On Finance and Revenue
Measure, Appointment or Topic: SJR201

Chair Broadman, Vice-Chair McLane, and Members of the Finance and Revenue Committee:

I urge you to vote in support of SJR 201. Oregon is already in dire fiscal straits, and we face a massive revenue shortfall in the coming decade due to the devastating impacts of H.R. 1, which will eviscerate federal support for education, health care, and many, many more vital state services. The Oregon Department of Administrative Services estimates that state agencies face an unimaginable \$15 *billion* in cuts as a result of H.R. 1.

Unfortunately, this bleak financial scenario is made far worse by Oregon's one-of-a-kind "kicker" law. The kicker is flawed policy for several reasons. First, attempting to predict how the state, national, and global economies will fare two years into the future, in order to determine how much money our state will take in within a two percent margin of error is a truly impossible task. Second, when the kicker is triggered, those refunded revenues are sent overwhelmingly to the wealthiest Oregonians--not working- or middle-class families. According to the Oregon Center for Public Policy, Oregon has distributed nearly \$11 billion across the last five kickers. Adjusted for inflation, the bottom 20 percent of income earners received only \$550 in kicker refunds over the entire decade, while the richest 1 percent of income earners received more than \$84,000 in kicker refunds on average.

OCPP also found that Oregon paid out \$3.2 billion in kicker payments over the last three biennia for the richest 5 percent of Oregonians--precious revenues that could, and should, have been used for vital needs: preparing our state for wildfires, fixing our crumbling roads, shoring up funding for public universities and K-12 education, supporting our cracking health care and mental health systems, providing greater food assistance for food-insecure Oregonians, and more. Over the next three biennia, Oregon will need \$3 billion just to maintain basic food assistance at current levels.

The ideal solution would be to "Cap the Kicker" by limiting refunds to the median payment (which would not reduce payments for lower- and middle-income taxpayers at all). However, SJR 201 provides a reasonable alternative. Under SJR 201, when unanticipated revenue rises above a certain level, 50% of that amount will still be returned to taxpayers, and 50% will be set aside to fund basic services Oregonians truly need: road maintenance, wildfire prevention, public education, and more. This proposal to limit the size of the kicker and better utilize the savings to address the

needs of Oregonians is worth supporting.

Reform of the kicker has long been needed, but the dire fiscal impacts of H.R. 1 on Oregon's finances have forced this issue. We simply cannot afford to keep the kicker in its current form--it impedes common-sense fiscal planning and starves the state of vital revenue to fund basic services. If left unreformed, it is not hyperbole to say that the kicker may eventually bankrupt our state in order to channel refunds overwhelmingly to the very wealthiest residents, who don't need the extra money.

I urge you to support SJR 201, and then to move further with kicker reform (specifically, to "Cap the Kicker" at the median level) in future sessions.

Thank you for your consideration.

Sincerely,
Dan Jaffee