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Reference: SOCAN Comments supporting SJR201

Senator Broadman and members of the Senate Committee on Finance and Review

I write as cofacilitator of Southern Oregon Climate Action Now (SOCAN), the oldest grassroots climate organization in the Rogue Valley now representing some 2,000 Southern Oregonians who are concerned about the climate crisis and seek federal, state and local action to address it. We are rural and coastal Southern Oregonians who live on the frontlines of the warming, reducing snowpack, heatwaves, drought, rising sea level and the increasing wildfire risk that these trends conspire to impose on us. Because of our concern, we pay close attention to efforts nationally, statewide, and locally that impact our collective efforts to address the climate crisis. As our logo above indicates, the focus of SOCAN is to promote action through science while encouraging that this be undertaken through a social justice lens.

Oregon's kicker is very popular. However, apparently most Oregonians don't realize that they are being screwed! As constructed, the kicker is a boondoggle designed to enhance the wealth of those who are already wealthy by returning the same percentage of their tax to them as is returned to low-income Oregonians who pay less tax and thus receive less back.

Biennium after biennium, the state of Oregon seems to find itself short of treasury funds. According to DOR (2025): "The 1979 Oregon Legislative Assembly passed the "Two percent kicker" law as a way to control state spending." As a result of this law, the state compares the state economist's revenue forecast for a biennium with the actual receipts and returns to the taxpayers any surplus received over that forecast if the difference exceeds 2% Walczak (2017). As a result of a ballot measure in 2000, this was added to the Constitution and thus requires a Constitutional amendment to be removed. The Office of Economic Analysis (OEA) certified that revenue for the 2023-2025 biennium exceeded the income forecast of that same OEA by \$1.41 billion. As a result, Oregon taxpayers can expect to receive a kicker representing 9.863% of their 2024 tax liability.

According to OSBA (2025), state economist Carl Riccadonna revised the 2025-2027 estimated biennium revenue upwards by nearly \$310 million. However, he also warned that "uncertainty over tariffs and missing data from the federal shutdown means they have less confidence than

usual in their economic predictions.’ Unsurprisingly, the Trump / Republican tariff shenanigans are playing havoc with our state’s budgetary planning. Notably, the provision of this kicker does not relate to actual state expenditures, so a kicker can be activated even when expenditures exceed revenue, thus dropping the state into a financial deficit. If the state’s economy is thriving, yet the revenue estimate failed to predict it, the kicker’s activation can unreasonably compromise the state budget. As Walczak (2017) pointed out: “When designed properly, tax triggers can be a responsible way to implement meaningful tax reform. Poorly designed tax limitation programs like the kicker, however, can exacerbate shortfalls and put pressure on lawmakers to impose new taxes to cover the lost revenue.” As Hauser (2026) pointed out in testifying on HB 4125: “Oregon’s current budgeting process is unrealistic, resting entirely on a single revenue estimate. It asks the state economist to carry out a near-impossible task: to predict the global, national, and state economy over the course of a two-year period and then translate that into a precise revenue estimate.” A problem arises if the economists developing the forecast fail to predict an unpredictable event, such as a pandemic, inflation, or, indeed, tariffs.

The problem that Oregon has experienced in funding emergencies is exacerbated by a Trump Administration that back in early 2025, for example, froze federal disaster relief despite court orders blocking the act of freezing funds (Bourgeois 2025). There is no evidence that the federal government will behave any more responsibly in the future, potentially leaving the state further mired in financial chaos.

Eleven states and the District of Columbia have established ‘tax triggers’ as a means of stimulating tax rate reductions (Walczak 2016). Oregon’s kicker, however, is a little different since it does nothing about tax rates but merely uses the ‘trigger’ to stimulate a return of revenue to taxpayers. Of course, not all taxpayers receive the same refund. Rather, the refund is a percentage of the tax paid in the previous year. Inevitably, this means the largest taxpayers, those who are most wealthy, reap the greatest reward from such a system.

Over the last decade, the kicker has cost the state Treasury almost \$11 billion dollars (OCP 2026). Notably, 62% of this has accrued to the benefit of the wealthiest 20% of Oregonians. Clearly, the Oregon kicker is a boondoggle designed to benefit the wealthy, screw the Treasury and through that target state programs and indirectly undermine the lives of low- and middle-income Oregonians. Frankly, the Oregon Kicker looks like another boondoggle to benefit the wealthy at the expense of average Oregonians.

Apparently, the state is in no better shape than are one third of Oregonians, who “couldn’t afford a \$400 emergency expense without borrowing money or going into debt....” (FOX 2025).

The evidence suggests that the mechanism employed in Oregon for computing and allocating the kicker is in need of adjustment. Given the specific area in Oregon’s budget that are consistently short of funds, it seems entirely appropriate that SJR201 should “Propose an amendment to the Oregon Constitution to require a portion of surplus revenue that would

otherwise be returned to personal income taxpayers to be used for funding public kindergarten through grade 12 education, community colleges and wildfire prevention and suppression, if surplus revenue exceeds a certain threshold.” OLIS 2026

For these reasons, Southern Oregon Climate Action Now supports SJR201.

Respectfully Submit

A handwritten signature in black ink that reads "Alan Journet". The signature is written in a cursive, flowing style.

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