



MEASURE: HB 3009
EXHIBIT: 2
HOUSE REVENUE COMMITTEE
DATE: 3/9/2011 PAGES: 2
SUBMITTED BY: LAURIE WIMMER

Date: March 9, 2011
To: House Revenue Committee, Co-chairs Barnhart & Berger and Members
From: Laurie Wimmer, OEA Government Relations
RE: *HB 3009 [Allotment Cuts for Tax Expenditures]*

On behalf of OEA's 45,000 members, it is my pleasure to testify today in support of HB 3009.

In June 2010, the Governor of Oregon announced that he would have to cut 4.6 percent of the state's remaining two-year budget from all General Fund agencies, due to the state's unanticipated revenue shortfall of \$577 million. This cut would be, in effect, the same as a 9 percent cut due to its late enactment in the two-year cycle. Then, a few months later, upon the announcement of another slide of \$377.5 million, the governor announced his intention to enact a second across-the-board cut of 8 percent over the final nine months of the biennium.

In all, the final revenue picture turned out to be more than \$1 billion short of the May 2009 forecasted amount, and so vital services paid the price of this misestimate.

Imagine a world in which the burden for these errors in prognosticating were more fairly shared across all beneficiaries of the state. In this alternative universe, no one service would have to disproportionately contract to shoulder the load for others. In this universe, \$1 billion would be spread across all discretionary state program expenditures, whether for services or tax breaks.

HB 3009 would enact this vision. No tax expenditures would be cancelled outright; all beneficiaries would still have access to the write-off. But like programs, all such expenditures would be treated equally by the state in a fiscal emergency. Everyone would have "skin in the game". Everyone would make a small sacrifice.

According to the latest Tax Expenditure Report, Oregon gives away in tax breaks 53 cents for every \$1 of taxes levied. That leaves 47 cents for all General Fund programs. In 2010, 12.6 percent was the total needed to balance the budget just on the program side. That's 12.6 percent of the aforementioned 47 cents, or 6 cents. If, however, the budget was balanced from both sides of the ledger, such large cuts to programs would have been unnecessary, because 3.18 cents could have come from the tax expenditures and 2.82 cents could have come from programs – less than half the impact.

HB 3009 would treat tax expenditure programs just like General Fund expenditure programs under ORS 291.261, which authorizes a governor to balance the budget with across-the-board reductions to all legislatively approved spending lines. By including legislatively approved spending on tax expenditures to the list, the impact in a fiscal emergency would be much less drastic, both for economic stimulus issues and with respect to sustaining the vital services Oregonians need and expect. We think this modest proposal makes sense and is an overdue correction to our statutes. Please support passage of HB 3009. Thank you.

Agency	Title	Original \$577.1M		Total
		Reduction	Add'l \$377.5M	
100	Department of Human Services	158,237,033	104,429,955	262,666,988
107	Dept. of Administrative Services	4,146,820	2,703,692	6,850,512
114	Long-term Care Ombudsman	54,338	35,428	89,766
115	Employment Relations Board	80,178	52,275	132,453
121	Office of the Governor	504,708	329,066	833,774
123	Business Oregon	447,322	291,650	738,972
131	Oregon Advocacy Commissions Office	19,433	12,671	32,104
137	Department of Justice	2,548,114	1,661,349	4,209,463
141	Department of State Lands	20,827	13,578	34,405
150	Department of Revenue	7,073,627	4,611,947	11,685,574
196	Distict Attorneys and their Deputies	479,473	312,612	792,085
199	Oregon Government Ethics Commission	8,164	5,323	13,487
213	Oregon Criminal Justice Commission	248,275	161,874	410,149
248	Military Department	875,501	570,820	1,446,321
255	Board of Parole & Post Prison Supervisor	183,293	119,506	302,799
257	Department of State Police	10,368,293	6,760,041	17,128,334
274	Department of Veterans' Affairs	290,146	189,173	479,319
291	Department of Corrections	51,891,893	33,833,092	85,724,985
340	Department of Environmental Quality	1,313,730	856,540	2,170,270
350	Columbia River Gorge Commission	40,997	26,730	67,727
399	Psychiatric Security Review Board	63,323	41,287	104,610
415	Oregon Youth Authority	11,921,241	7,772,552	19,693,793
423	Commission on Children & Families	2,316,974	1,510,649	3,827,623
442	Office of Private Health Partnerships	985,385	642,464	1,627,849
471	Employment Department	138,125	90,057	228,182
543	State Library	156,756	102,204	258,960
575	Oregon Student Assistance Commission	4,398,612	2,867,859	7,266,471
580	Oregon University System	31,617,152	20,614,127	52,231,279
581	Department of Education	15,612,898	10,179,481	25,792,379
	State School Fund	243,293,551	158,625,409	401,918,960
585	Commission for the Blind	67,106	43,753	110,859
586	Community Colleges & Workforce Dev.	21,119,172	13,769,529	34,888,701
603	Department of Agriculture	652,106	425,168	1,077,274
629	Department of Forestry	1,842,254	1,201,134	3,043,388
632	Geology & Mineral Industries	134,065	87,410	221,475
635	Department of Fish & Wildlife	572,333	373,157	945,490
660	Land Conservation & Development	777,208	506,733	1,283,941
662	Land Use Appeals Board	70,862	46,202	117,064
690	Water Resources Department	965,595	629,560	1,595,155
730	Department of Transportation	521,233	273,047	794,280
839	Bureau of Labor & Industries	597,743	389,723	987,466
914	Housing & Community Services Dept.	477,276	311,180	788,456
	Total GF Allotment Reduction	577,133,135	377,480,007	954,613,142
	Biennial Percentage Reduction	4.63%	3.02%	7.65%
	Percentage of remaining budget for additional reduction		8.06%	