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President of the Senate

Senate Finance and Revenue Committee

Senator Ginny Burdick, Chair
Senator Frank Morse, Vice-Chair
Senator Mark Hass
Senator Chris Telfer

*TESTIMONY BY SENATOR PETER COURTNEY
CONCERNING KICKER REFORM
FEBRUARY 21, 2011*

My name is Peter Courtney. I live at 2925 Island View Drive NE here in Salem. Chair Burdick, members of the committee thank you for hearing my testimony today.

I am here to thank you for beginning your work on kicker reform today.

You don't have to do this – especially in these difficult times. You could just deal with ordinary revenue issues. You could maintain the status quo and still have a successful session.

But you have decided to do something courageous. You have chosen to take on a job that could be a “game changer” for Oregon’s future. Creating a workable reserve fund is critical to the long-term budget stability of our state. Budget stability is critical to providing the services Oregonians count on most: A good education for children; care for the most vulnerable; and safe streets and communities.

I am not the only one who feels this way. In a joint op-ed in the Oregonian Former State Reps. Lane Shetterly and Tony Van Vliet called for reforming the kicker and creating a rainy day fund so we can “avoid having to make the devastating cuts to essential services that we currently face without a sufficient reserve to draw on.”

Former Governor Ted Kulongoski said Oregon needs to reform the kicker so we can stop “budgeting from crisis to crisis.”

A 2008 study by the Pew Center for the States blamed Oregon’s kicker law for the state’s “precarious financial position” – rating kicker reform as the No. 1 thing the state could do to better manage its budget.

The Oregon Business Plan in 2009 said "kicker reform is long overdue." The most recent Oregon Business Plan calls for directing "personal and corporate kickers to reserves until the Rainy Day Fund is full."

The Oregonian Editorial Board called Kicker Reform "the tax reform that Oregon most needs." Joe Cortright, a member of Governor Kulongoski's Council of Economic Advisors said: "It's increasingly clear that the kicker makes no sense whatsoever" and Oregonian conservative columnist Susan Neilson called the need to reform the kicker "a no brainer."

Many more from all walks of life and all political persuasions have urged us, begged us, to reform the kicker and build a reserve.

That so many people from so many corners of our state and country agree that Oregon needs kicker reform is very important. If we are going to address an issue this significant and this controversial, the Legislative proposal must be bi-partisan and it must be one that will garner support from all of the affected parties. It cannot be D vs. R. It cannot be business vs. labor. It cannot be House vs. Senate.

It was with this in mind, that I structured this committee with two Democrats and two Republicans. I chose the four of you. It's now Ginny, Frank, Chris and Mark time.

Knowing the four of you, I am not surprised that you are taking this courageous step. In a way you are just being Oregonians, because in our state we have never been afraid to try things others said were impossible.

Early in my career I joined with a veteran lawmaker to propose a major restructuring of our revenue system. I failed and I learned a lot along the way.

And I think this may just be doable - especially with the four of you involved. I don't mean to be too dramatic, but I do believe the world is watching. They want to see if you can find the path that accounts for how strongly Oregonians feel about the kicker and how desperately our state needs a stable reserve fund.

Ultimately, it will be those Oregon voters who decide whether we reform the kicker and create a Rainy Day Fund. You know that whatever you do will either be a Legislative referendum or will be referred to the ballot by the public.

This is where the work begins. Here, today, at this hearing. It may seem like a long journey, but as my wife Margie likes to say: Begun is half done.

And you have begun.

Thank you.