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Testimony of Patrick Reiten  
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Chair Burdick, Senator Morse and members of the committee, thank you for the opportunity to testify before you today on what truly is a critical issue for Oregon: the establishment of a more robust state reserve fund.

My name is Pat Reiten, and I serve both as President of Pacific Power and as Chair of the Oregon Business Plan Steering Committee. This topic is important to me in both capacities.

Pacific Power serves or has facilities in 31 of Oregon's 36 counties. We've seen first-hand the underlying fundamentals driving reduced state revenues. They are characterized by curtailed plant shifts and businesses gone under. And funding instability of state programs that communities and schools rely on during this difficult period has not helped the situation.

As a company, the downturn has affected us in many ways and required that we take extensive measures to assure we're operating in a fiscally prudent manner so that we can continue meeting the needs of our customers. We expect no less of our state. Whether government or business, our customers and constituents expect us to operate on a sustainable basis so that they can count on us day in and day out.

That theme was repeated in countless meetings across the state as we sought input from business and civic leaders during the creation of this year's Oregon Business Plan. We held 17 meetings from Klamath Falls to Baker City, and heard in each of them that we need to deal with the volatility of tax revenues, as well as addressing fiscal policies that inhibit investment and job creation.

The Oregon Business Plan has a number of goals for Oregon – they include creating 25,000 new jobs per year and Oregon per capita income above the national average by 2020.

A robust rainy day fund is critical for meeting those goals. Our ability to train a qualified workforce depends upon stable revenues for education.

That's why later in this hearing you will hear from the Presidents of Oregon's four largest business associations – all of whom participated in shaping the plan's emphasis on creating a more sustainable state fiscal environment.

Business advocacy for robust reserves is nothing new. It's been a key initiative of the Oregon Business Plan since its inception in 2002. Business leaders were instrumental

in establishing the Education Stability fund in 2003, and successfully advocated for creation of the General Rainy Day Fund in 2007, with the dedication of the Corporate Kicker.

We believe in this, we've supported it, and we support making it more robust and available when it is needed the most.

For a reserve fund to be effective, it must be large enough to protect critical services during downturns. It should also be placed in the constitution, with strict requirements about when it can be tapped, in order to provide Oregonians the confidence that it will be there when they need it.

As a matter of fairness and to build the reserve to an adequate size, I believe the approach you have taken – which includes both a general fund contribution and dedication of some portion of corporate and personal income tax kickers – is a good one.

This is a key piece of the solution – but not the only piece.

Oregon's per capita income has been declining compared to the rest of the nation for more than a decade, leaving us fewer dollars to pay for critical public services. At the same time, the cost of health related services has skyrocketed, along with our spending on prisons and other programs, partly due to voter approved initiatives.

In addition to building reserves, Oregon must also provide laser focus on improving the conditions for private sector job growth, the best source of revenue for the public sector, and on tackling the major cost drivers in the state budget.

We have outlined 10 job creation ideas in the Oregon Business Plan ranging from making more industrial land available to tax changes that will spark investment.

On reinventing service provision, Governor Kulongoski's re-set report and Governor Kitzhaber's budget both offer us a roadmap.

If we follow through with these efforts together, Oregon will be on a path toward fiscal stability and the rainy day fund will have a lasting and meaningful impact for all Oregonians.

None of this is easy – it takes real leadership. I want to thank you – Senator's Burdick and Morse – for laying out a bipartisan plan to solve a key part of the puzzle, and to the committee for taking it up today. On behalf of both the Oregon Business Plan steering committee and Pacific Power, I applaud your efforts.