



February 21, 2011

Senator Ginny Burdick, Chair
Senate Committee on Finance and Revenue

RE: SJR 26 – Rainy Day Fund/Kicker Reform

Chair Burdick and members of the committee:

Oregon Business Association supports the creation of a robust Rainy Day Fund as part of the reforms necessary to better align the state's services and resources, and provide the stability necessary to efficiently deliver outcomes-based public services.

OBA believes any reform effort should begin with the adoption of meaningful budget reforms that reduce the cost of public services, such as those reflected in Governor Kitzhaber's budget proposal and embraced in the Oregon Business Plan, to ensure long-term stability for Oregon.

Following a reset of the state's cost structure, adoption of policies to smooth the ups and downs in Oregon's tax collections are necessary to ensure the protection of essential state services. This effort should enhance the current statutory Rainy Day Fund through diverting corporate kickers into the fund; the Legislature may also decide to dedicate a portion of the personal kicker to the fund to more quickly build the fund. A mandatory general fund appropriation to the fund in good times would also be helpful to build a fund large enough to protect Oregon during economic downturns, as well as signaling to voters that the Legislature is committed to sharing in the effort to build the fund.

After budget reform and stabilization have been achieved, OBA supports investing in Oregon's economic recovery and long-term economic health through key investments that promote job creation and retention. These investments should encourage equity investment and capital investment for existing businesses, create an appealing environment for recruiting new businesses to the state, and provide incentives for key industries and rural economies.

OBA applauds Senator Burdick and Senator Morse for their long-term commitment to this effort to implement a stability fund for Oregon. We look forward to our continued work together to build a robust Rainy Day Fund that will protect our state. Thank you for considering my comments.

Best regards,

Ryan Deckert
President