

## Testimony for House Rules Committee on HJR 15

April 1, 2013

Vice-Chairs Hicks and Hoyle, and Committee Members,

Thank you for your consideration of HJR 15.

Oregonians a century ago adopted the initiative system in response to the crisis of their time, a state government that was corrupt and lacked the confidence of its people. HJR 15 updates the initiative system to address the crisis of today, which is a fiscal one.

The initiative process is a foundational part of Oregon's heritage. We adopted it in 1902. Roughly half the states in the country subsequently adopted some version of the initiative, referendum, and recall, known as "the Oregon system." But we have always been willing to subject the system to scrutiny, seeking to "eliminate the evil which grows out of the [initiative] system," while being "determined to preserve the good."<sup>1</sup> We have made changes, for example, to signature gathering rules, judicial review, and the information contained in the voters pamphlet.

Like our predecessors a century ago, we face a crisis in state government, but it is fiscal in nature. Though we are slowly emerging from the recession, our unemployment remains high, our incomes trail the national average, and our expenses outpace our revenues. The Governor's Reset Cabinet in late 2010 forecast a decade of deficits. Because of this, we have entered an era of transformation in how we structure, pay for, and deliver public services. To accomplish this transformation, we need to curb fiscal irresponsibility wherever we see it. We can no longer afford to exempt the initiative process from this scrutiny.

Oregonians concerned with government spending need to look in the mirror. According to the Task Force on Comprehensive Revenue Restructuring in 2009, approximately 50% of new General Fund and Lottery spending since 1990 has been dictated by voter initiative. Initiatives also add to government spending by increasing the cost of borrowing; bond rating agencies are concerned with the potentially destabilizing effect of an unfettered initiative process.

To balance our budget, the Legislature must make difficult decisions about where to spend limited resources. These decisions require us to evaluate how we tax ourselves, spend money, and structure state services. We make these decisions

---

<sup>1</sup> Allen Eaton, The Oregon System: The Story of Direct Legislation in Oregon vii (1912).

knowing that solutions to Oregon's problems cannot be delayed and that our every action entails a difficult trade-off.

The initiative system operates without this fiscal discipline and accountability. Because Oregon, unlike most states, imposes no subject matter limitations on initiatives, they can mandate new spending without proposing any way to pay for it. Voters are invited to believe they can have something for nothing, encouraged to vote for popular policies like tougher prison sentences without being given any information about tradeoffs and consequences that must follow.

Furthermore, an initiative asks only whether a voter "likes" a policy, yes or no. It asks nothing about how much a voter wants a policy relative to other choices. As a result, initiatives do not truly reflect Oregonians' priorities. In the public safety arena, voter-passed sentencing measures are causing prisons to eat up a growing share of the budget, even as recent polls show that Oregonians would rather spend less on prisons and more on preventative measures like policing, drug and alcohol treatment, and mental health.

Since initiatives don't ask voters to rank priorities, the best way we have to gauge how committed petitioners and voters are to a spending measure is to ask them the same questions that we deal with every day in this building: how much will it cost, and how are you going to pay for it? That is the question that HJR 15 would require petitioners to answer.

This is not such a radical notion. As I mentioned at the beginning, Oregon is the birthplace of the initiative system. Many states followed. Today, twenty-four states have some form of the initiative process. It is very interesting to note, however, that they didn't just copy us. They took some things and rejected others. Most notably, of the twenty-four states that have an initiative process, almost all of them impose at least some subject matter limitations on initiatives, and the most common subject matter limitation is fiscal. Eight states restrict initiatives from affecting the budget; three states allow measures to have a fiscal impact but require them to pay for themselves. Arizona adopted this very change in 2004.

Oregon gave the initiative system its start. Other states learned from us. Now there is something we can learn from them — a reform that will preserve the heart of direct democracy while adjusting the initiative system to the needs of the present.