



May 31, 2023

Chair Meek, Vice Chair Boquist, and members of the Senate Committee on Finance and Revenue:

On behalf of thousands of activists and supporters in Oregon, I write to provide the following context and policy alternatives to SJR 26 and SB 774.

1. Oregon already spends enough. In 2020, Oregon's [per capita state and local government spending](#) was \$12,902, much higher than the national average (\$10,540) and neighbors Washington (\$11,589), Idaho (\$7,995) and Nevada (\$8,675), though not as much as California (\$13,699). As a share of personal income, Oregon's state and local spending is the fourth highest at 22.7% of personal income (my calculations).
2. Ignoring the Constitution is a rule of law violation. [Oregon's Constitution](#) is clear that revenue that substantially outpaces the governor's revenue estimate should be "kicked back" to taxpayers from whom it came. It allows two-thirds of members to retain and spend funds for an emergency, but no such emergency exists at this time. In addition, any revision in the revenue estimate in order to permit additional spending would mock the principles of fiscal responsibility outlined in the Constitution.
3. Upgrade the kicker with structural balance and a comprehensive budget. Revenue estimates are currently based on volatile revenue streams due to a dynamic economy. Oregon could reduce policy instability on both sides – spending and revenue – with [a budget rule for structural balance](#). That means balancing the budget over the medium term based on a rolling average of economic growth, similar to the state of Washington. This would reduce volatility and let lawmakers craft policy more intentionally instead of reactively while reclaiming local control from DC. Surpluses during good years would offset expected deficits during recessions and emergencies, and the kicker could still apply when reserve funds are adequate. In addition, consolidating Oregon's fragmented budget and appropriations process into a [comprehensive budget](#) that includes all spending and revenue, including tax preferences, would empower legislators to produce greater value for Oregonians.

For the reasons stated above, Americans for Prosperity Oregon asks that you reconsider the direction these two measures (SJR 26 and SB 774) intend to take fiscal policymaking in the state and instead opt to consider structural balance and comprehensive budgeting reforms that will empower taxpayers and the legislature alike to create the best product for Oregon.

Heather Andrews  
Western Regional State Director