

Submitter: David Cordon
On Behalf Of:
Committee: House Committee On Revenue
Measure, Appointment or Topic: HB4125

Rebuttal to the Proposal to Retain or Redirect Oregon Kicker Surplus Funds

Dear Members of the Oregon House of Representatives,

I write to strongly oppose any legislative effort—such as the recent proposal to alter the Oregon Constitution and allow the state to retain or redirect portions of the personal income tax “kicker” surplus that exceeds \$300 million in a biennium. This money belongs to the taxpayers by law, and keeping it would violate both the letter and the spirit of the kicker provision enacted by voters in 1980.

The kicker exists for a simple reason: to prevent the state from automatically spending every extra dollar that flows in during good economic times. When actual revenues exceed the forecast by more than 2%, the excess personal income tax collections are returned to the citizens who paid them. This is not a “gift” from government; it is a refund of over-collected taxes.

Yet the state’s budget has exploded in recent decades, giving lawmakers more than enough resources if spending were disciplined. According to the Common Sense Institute, Oregon’s total state budget grew from \$34 billion in the 2001-03 biennium to a projected \$140.11 billion in the 2025-27 Governor’s Recommended Budget—a quadrupling in roughly 24 years. In the last ten years alone the budget has essentially doubled. General Fund spending has grown dramatically even as its share of the total budget has declined, thanks to dedicated taxes and surging federal funds (primarily for health care and social services).

If the budget has quadrupled while population growth has been modest and inflation far lower, there should be ample money for schools, wildfire response, behavioral health, and every other stated priority—unless hundreds of millions have been lost to waste, inefficiency, or questionable programs. Retaining kicker money now is an admission that the state cannot live within the enormous budgets it has already approved.

Keeping the surplus is functionally a tax increase on working Oregonians. Higher effective taxes make Oregon an even more expensive place to operate a business. The business tax burden has risen sharply: a 33% increase statewide between 2019 and 2023 according to analyses of Ernst & Young data, with Portland-area businesses seeing even steeper hikes. Oregon now ranks near the bottom in business-friendliness (39th overall, 43rd in cost of doing business, 47th in business friendliness per CNBC). High-income households and companies continue to leave the state, taking jobs and tax base with them. Every new tax or retained surplus accelerates that exodus.

The kicker is one of the few remaining taxpayer protections in Oregon law. Weakening it sends a clear message: “Your money is ours when we want it.” That message will only accelerate the flight of businesses and residents, shrink the tax

base further, and make future budget shortfalls even worse.

As a born and raised Oregonian, I don't want the legislature to authorize another cent of tax dollars until they can certify that every penny currently allocated is not misappropriated or spent in a way that does not provide direct tangible benefits to legal law abiding citizens.

I urge you to reject any constitutional amendment or statutory change that would let the state keep kicker dollars. Return the surplus to the people who earned it, as the law and the voters require. Discipline state spending instead of raiding taxpayers' pockets.

Respectfully submitted,

Just another Oregon citizen that wants to go a single day without the government threatening to take more of our hard earned income.