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On Behalf Of: Oregon Taxpayers  
Committee: House Committee On Rules  
Measure, Appointment or Topic: HB4143

HB 4143, the so-called "Recourse Act," authorizes the Governor (with AG and Treasurer agreement) to order state agencies to withhold "qualified payments" owed to the federal government—depositing them instead into a new "Federal Moneys Holding Account"—if federal funds are unlawfully withheld from Oregon in violation of a valid court order.

This is a dangerous, unconstitutional scheme of state self-help retaliation that Oregon must reject.

This bill directly violates:

The Supremacy Clause (U.S. Const. art. VI, cl. 2):

Federal law is the "supreme Law of the Land," preempting conflicting state actions. States cannot unilaterally withhold payments required by federal statutes, contracts, grants, or obligations (e.g., Medicaid repayments, audit findings, or program reimbursements) simply because of a perceived federal violation—even one backed by a court order. Such withholding obstructs federal revenue and operations, which courts have long forbidden (see *McCulloch v. Maryland*, 17 U.S. 316 (1819); anti-nullification principles).

Federal preemption and intergovernmental immunity doctrines:

States lack authority to interfere with federal fiscal mechanisms or enforce court orders against the U.S. government through extralegal means. Disputes over federal fund withholding must be resolved via federal litigation (injunctions, mandamus, contempt), not state-directed offsets that risk escalating into constitutional crises.

Specific federal payment and anti-deficiency laws:

Many "qualified payments" are mandated by federal statutes (e.g., under the Social Security Act for Medicaid-related repayments or grant agreements). Withholding them could violate federal requirements for timely remittance, exposing Oregon to federal offsets, penalties, withholding of future aid, or lawsuits against state officials.

Anti-commandeering and coercion principles (though reversed here):

While states cannot be forced to administer federal programs, they also cannot sabotage federal ones through retaliation. The bill's indemnification of complying officials signals intent to shield potential federal-law violations, which courts reject when states obstruct federal authority.

Even conditioned on a "valid court order," HB 4143 bypasses proper remedies and invites chaos. Oregon relies on billions in annual federal funds (often >\$40B in recent cycles); provoking federal retaliation could devastate state budgets, services, and taxpayers—who would bear litigation costs and losses. This is not recourse; it's brinkmanship risking fiscal ruin and eroded federal-state cooperation.

Lawmakers must defeat HB 4143 outright. Oregon should pursue grievances through federal courts and Congress—not unconstitutional defiance. Gov Tina Kotek and our legislature's lack of knowledge of Federal laws is becoming more apparent as time passes. Further risking Oregon's shaky economy due to bad policy will bring Oregon to its knees and more Oregonians will flee this state, compounding its' fiscal crisis created by our Governors and legislators over the past decade. When will they drop the ideology nonsense and get back to running Oregon lawfully without all these childish temper tantrums in attempts to violate Federal law. Is congressional power really more important than a booming State? Your legislative actions are proof-positive that your personal power is more important than a successful state. Swallow your pride. Enough is enough.