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## For starters, reset the kicker

### Portland Business Journal

One key idea offered by Oregon Gov. Ted Kulongoski's "Reset Cabinet" isn't new at all.

Diverting Oregon's misguided "kicker" to a reserve fund has been discussed for years. It's doable and logical. Getting rid of it will make a measurable difference in shoring up state finances.

Many of the 38 proposals offered last week by the Reset Cabinet to reshape state government are sweeping in nature. For various political and logistical reasons, many simply won't happen.

Getting rid of Oregon's archaic tax-rebate mechanism is the most direct way for the state to build a much-needed, sizable rainy-day fund.

Every other year, the state economist forecasts Oregon's two-year income-tax revenue. State agencies then base their budgets on that projection. If the state collects more than anticipated, it must return that additional revenue to taxpayers.

In 2007, for instance, the state sent back \$1.1 billion to all Oregonians who filed personal income taxes. That's an average check of \$600 per person.

Declining income-tax revenue quickly drained the small reserve fund the state created three years ago. State leaders recently cut \$2 billion from the budget and raised taxes on some corporations and affluent Oregonians. It wasn't enough. State agencies last month had to cut 9 percent of their budgets to make up an unanticipated \$577 million shortfall.

Politicians, wary of public backlash, have been afraid to tackle the kicker for years. Democratic leaders told Kulongoski they wouldn't deal with the issue during last winter's special session, even after the governor told them that kicker reform was perhaps the state's most pressing issue.

As Kulongoski noted in his speech to Portland's [City Club](#) last week, 93 percent of the general fund budget is devoted to education, public safety and services to seniors, the poor and medically needy. Budget cuts hurt the most vulnerable Oregonians.

Killing the kicker law and creating a robust reserve fund is one small but significant step toward a fiscally healthy Oregon.