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Former state economist Potiowsky wants kicker reform

Portland Business Journal by Matthew Kish , Business Journal staff writer

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Former Oregon economist [Tom Potiowsky](#) on Friday announced his support for reforming the state's controversial kicker law.

The kicker rebates excess state revenue to taxpayers when the state runs a budget surplus.

Critics, [including business groups](#), say it prevents the state from setting aside enough money to weather economic downturns. Supporters say it serves as an effective collar on state spending.

Potiowsky disagreed with the law's supporters on Friday at a City Club of Portland luncheon.

"We need to build up our rainy day fund," Potiowsky said. "I will work with the governor and legislators from either party" to reform the kicker.

As a state employee and state economist from 1999 to 2006 and again from 2008 until last year, Potiowsky was prohibited from lobbying for changes to state law.

Potiowsky now chairs the Department of Economics at **Portland State University** where he runs the new Northwest Institute of Applied Economic Research.

Potiowsky said he's open to using the initiative process, which allows citizens to bring an issue to a statewide vote.

After his address, Potiowsky said he has yet to talk with any groups about kicker reform. He also said he'd prefer to work with lawmakers on any changes.

"I believe in the legislative process," Potiowsky said.

Potiowsky said last year's [Measures 66 and 67](#), which increased taxes on businesses and the wealthy, could have been avoided if the kicker hadn't been in place.

[Mark McMullen](#), the interim director of the state's Office of Economic Analysis, also spoke at the luncheon.

He and Potiowsky predicted the economic recovery would continue to be weak and the biggest fear remains the risk of "contagion" from ongoing economic problems in Europe.

Potiowsky predicted the economy won't return to its 2007 highs until "mid- to late-2014," but said worries about the spillover effects of Europe's problems "won't be as grave as some believe."

Matthew Kish covers banking, finance and higher education.