OCPP OREGON CENTER for PUBLIC POLICY

Because facts matter.

News Release

For Immediate Release

August 26, 2010

For More Information, Contact:

Chuck Sheketoff (503) 873-1201
Juan Carlos Ordóñez (503) 873-1201

Profitable Corporations Don't Need Oregon's Charity, So Stop the Kicker Spending

Statement by OCPP Executive Director Charles Sheketoff on the September Revenue Forecast

Today's revenue forecast once again confirmed the absurdity that is Oregon's costly spending policy commonly known as "the kicker." That's why the 2011 legislature must commit to reforming the spendthrift kicker law, to enable Oregon to strengthen its Rainy Day Fund.

In announcing that General Fund revenues for next biennium are down $622.5 million from the last forecast, the state economists also disclosed that we are on course to having the corporate kicker kick. We are on course to spend $42.3 million in a giveaway, mostly to profitable out-of-state corporations, in the next budget period.

No other state is planning to send unanticipated revenues from better-than-expected corporate profits back to the corporate boardrooms of out-of-state corporations while at the same time preparing to make cuts to education, public safety and human services.

Profitable corporations don't need charity from the state of Oregon. As the state economists noted today, "corporations currently have sizable profits and large cash reserves." Corporations have cut costs and are being very cautious in new hiring because of the uncertain national economic outlook; as a result, their profits are booming even while unemployment remains high.

There are still 10 months to go in the biennium and corporate revenues can be volatile, but this is the second forecast in a row with a projected corporate spendthrift kicker. And it has more than doubled since the June forecast (which projected a $19.8 million kicker).

Whether or not the corporate kicker ultimately materializes, it's clear that Oregon cannot afford such a costly and irresponsible spending policy.

— 30 —