

For Immediate Release

June 1, 2006

For More Information, Contact:

Chuck Sheketoff, 503-873-1201

STATEMENT BY CHARLES SHEKETOFF,
EXECUTIVE DIRECTOR OF THE OREGON CENTER FOR PUBLIC POLICY,
ON THE \$1.1 BILLION KICKERS ANNOUNCED TODAY

(Silverton, OR) - With school districts continuing to struggle to meet basic needs, higher education eating a bigger share of the budget of Oregon families, and hundreds of thousands of Oregonians lacking health insurance, the forecasted kickers provide over a billion reasons why Oregon should suspend both of the kickers and instead invest in Oregon by saving for a rainy day. Today's *June Economic and Revenue Forecast* anticipates that the personal and corporate income tax kickers at the end of this budget cycle will total nearly \$1.1 billion.

Wealthy Oregonians will reap a disproportionate share of the \$883 million personal income tax kicker announced today. The wealthiest one-percent of taxpayers will receive nearly one-fifth of the kicker refund; the top 20 percent will reap two-thirds of the money. It makes no sense to give a tax refund to the Oregonians who have benefited the most from today's economy.

Similarly, only a small number of profitable corporations operating in Oregon will receive the bulk of the \$198.5 million corporate kicker tax credit – a 53 percent tax cut - projected for the 2007 tax year. A mere four percent of corporations operating in Oregon will reap 93 percent of the corporate kicker tax credit. Adding insult to Oregon's injury from the kicker, 86 percent of the corporate kicker will flow to multi-state firms. Put another way, only about 14 percent of the funds go to companies that operate only in Oregon.

The fiscally conservative and appropriate response to today's news would be to turn the kicker into a mechanism for investing in a rainy day fund for Oregon. No one's taxes would go up, and Oregon will be better positioned to weather the next economic downturn.

The ***Oregon Center for Public Policy*** uses research and analysis to advance policies and practices that improve the economic and social opportunities of all Oregonians.