

Oregon's kicker tax rebate would be suspended under bill from Beaverton legislator

Oregon's 2015-17 budget

Rep. Tobias Read said Thursday that he's introduced legislation to suspend the projected \$473 million kicker tax rebate and instead divert the money to schools and to the state's rainy-day fund.

"[House Bill 3555](#) gives us an opportunity to invest in the things that reflect our values as Oregonians, and to turn around years of cuts to our K-12 schools, our colleges, and our universities," the Beaverton Democrat said in a press release.

The measure faces steep odds because a voter-approved provision of the Oregon Constitution requires a two-thirds vote of each legislative chamber to divert the kicker.

That means Read would have to assemble a bipartisan coalition in both the Senate and the House to suspend the personal tax kicker, something that hasn't been done since voters put the two-thirds requirement in the constitution in 2000.

The Legislature last voted to suspend the personal kicker in 1991 and 1993 when the state was struggling to fund education after voters had approved a sweeping property tax limit in 1990. A separate kicker for corporations was suspended in 2007, and voters decided in 2012 to permanently divert the corporate kicker to K-12 schools.

Tobias Read

Read said in a telephone interview that he wants to smooth out Oregon's boom-and-bust tax system by putting more money into savings during good times.

He acknowledged that it's politically difficult to discuss diverting the kicker but argued that it should be part of legislative discussions of how to stabilize the budget. He noted that the Senate last week passed a measure, [Senate Bill 567](#), that calls for eventually putting some capital gains tax receipts into the rainy-day fund.

Oregon's kicker law -- which is unique in the country -- requires that if tax receipts come in more than 2 percent above estimates for the two-year budget cycle, the [excess must be refunded to taxpayers](#). The state economist now projects that taxpayers will receive a rebate on the state income tax forms they file next year, but the final determination won't be made until August.

The kicker rebates are popular with many taxpayers, but critics say they hinder the ability of the state to fund programs and provide the biggest tax breaks for the well-to-do.

When the latest revenue estimate was released at a legislative committee meeting last week, student activists demonstrated at the meeting and argued that the money should instead be used to improve funding for higher education.

Read, who chairs the House higher education committee, proposed in his bill that half of the kicker proceeds would go to the state's rainy-day fund to help prop up the budget in case of a downturn. The other half would be split between K-12 schools and higher education.

"I don't think anybody disagrees" with the argument that the state needs to improve funding for education and put

more in savings, Read said. "The debate is over how to do that."

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