



## **Oregon's Opportunity for Stability and Economic Growth**

*by Representatives Chuck Burley and Gene Whisnant*

As recently as 2003, Oregon faced steep declines in revenue that resulted in budget cuts for schools, seniors, and state police. Now that we have experienced a few years of strong growth, it is tempting for Oregon's leaders to spend the entire revenue windfall instead of saving for the next downturn.

Oregonians deserve leadership from the Governor and the Legislature. We need to demonstrate to Oregonians that we've learned our lesson; that we will save during growth years so we don't have to make cuts when growth slows.

With a twenty percent increase in General Fund revenues, Oregon can afford to set aside money in a rainy day fund, increase funding for public services, and reinvest in our economy.

House Republicans have worked to create a rainy day fund with sufficient reserves to prepare for future shortfalls. At the same time, we have focused on finding ways to sustain job growth. We have proposed the Oregon Stability and Investment Plan to accomplish both these objectives.

Our plan provides money for a rainy day fund by suspending the 2007 corporate kicker for C-corporations with annual income greater than \$500,000. Out of 11,861 corporations who are expecting a kicker credit, 10,972 would receive their entire credit. Only 889 corporations would see their credit deposited into the rainy day fund.

We are also proposing to restructure Oregon's "minimum corporate tax" which has not changed since 1931. Our proposal protects small businesses from the larger increases proposed by the Governor and does not affect S-corporations, LLCs and individual taxpayers.

Our plan also reserves 1 percent of the 2007-09 General Fund for the rainy day fund. When combined with the Education Stability Fund, our plan sets aside \$817 million in this biennium.

Our goal is to have a rainy day fund equal to 10 percent of the General Fund. In addition to mitigating budget shortfalls, this will boost Oregon's bond rating, allowing the state to borrow money at less cost to taxpayers.

The rainy day fund should not be used on cloudy days. It should not serve as a cash machine for legislators looking for a convenient source of revenue. In order to withdraw funds, a two-thirds majority in both the House and Senate should be required.

To promote job creation and investment, we are proposing to reduce Oregon's high capital gains tax rate and increase the inheritance tax exemption. Lowering Oregon's capital gains tax rate,

one of the highest in the country, will encourage businesses to invest in new jobs, facilities and equipment in Oregon. It will also enable middle-class families, seniors and small business owners to keep more of their savings.

By increasing the inheritance tax exemption, we will protect many family-owned small businesses and farms from the devastating financial costs associated with the owner's death. Our plan will also bring Oregon in line with the federal exemption, making it less complicated for taxpayers to file their tax returns.

Oregon can't afford to let another Session go by without decisive leadership on these sensible reforms.

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