

Citizens' Review Statement

This Citizens' Statement, authorized by the 2009 State Legislature, was developed by an independent panel of 24 Oregon voters who chose to participate in the Citizens' Initiative Review process. The panelists were randomly selected from registered voters in Oregon and balanced to fairly reflect the state's voting population based upon location of residence, age, gender, party affiliation, education, ethnicity, and likelihood of voting. Over a period of five days the panel heard from initiative proponents, opponents, and background witnesses. The panelists deliberated the measure and issued this statement. This statement has not been edited, altered, or approved by the Secretary of State.

The opinions expressed in this statement are those of the members of a citizen panel and were developed through the citizen review process. They are NOT official opinions or positions endorsed by the State of Oregon or any government agency. A citizen panel is not a judge of the constitutionality or legality of any ballot measure, and any statements about such matters are not binding on a court of law.

Key Findings

The following are statements about the measure and the number of panelists who agree with each statement:

- The corporate "kicker" funds are not guaranteed to increase K-12 funding because of the Legislature's discretionary spending of the General Fund. This ballot measure earmarks the corporate "kicker" to fund K-12 education, but does not prevent the redirecting of current funding resources to other non-education budgets. (24)
- The corporate "kicker" has had no effect on the stability of Oregon revenue due to its unreliability. (22)
- The corporate "kicker" has the potential to stabilize State spending by introducing unexpected revenues to fill in funding gaps (Oregon Office of Economic Analysis). (24)
- There is no evidence that the corporate "kicker" benefits or harms corporations. (19)

Additional Policy Considerations

The following are statements about the subject matter or fiscal considerations related to the measure and the number of panelists who agree with each statement.

- The corporate "kicker" has been triggered 8 times over the past 16 budget periods making it an unreliable source of school funding. (24)
- Oregon tax revenues vary greatly in each budget cycle making future revenue predictions difficult. (23)
- Oregon Legislators have spent, on average, 99% of the available General Fund monies each budget cycle (General Fund Budget History). (21)
- Corporate businesses learn about the "kicker" after their operating period, therefore it has no effect on business decisions (Sierra Institute of Applied Economics). (18)
- Corporate businesses do not expect or depend on corporate "kicker" credits. (22)
- Since 2003, the percentage of the General Fund spent on K-12 education has changed from 44.8% to the current 39.1%. (23)

Citizen Statement in Support of the Measure

POSITION TAKEN BY 19 OF 24 PANELISTS

We, 19 members of the Citizens' Initiative Review, support Ballot Measure 85 for the following reasons:

- Measure 85 does not affect the personal "kicker" and does not increase personal or corporate taxes.
- There is broad bipartisan agreement that the corporate "kicker" is not good public policy. It is unreasonable to refund legally due taxes to corporations as a result of inaccurate revenue projections. We believe Measure 85 is an improvement to current policy.

- Measure 85 would keep the corporate "kicker" dollars in the Oregon economy instead of issuing tax credits to corporations headquartered out of state.
- The intent of this measure is for 100% of the "kicker" to go to K-12 education. Despite the potential for General Funds to be redirected, the wording in the measure specifies the funding would be in addition to and not replace current education funds.
- The K-12 budget is declining due to inflation, the funding of other services, and increased costs. The passage of Measure 85 would demonstrate Oregon's commitment to improving education.

Oregonians and Oregon businesses benefit from keeping money in the state.

Citizen Statement in Opposition to the Measure

POSITION TAKEN BY 5 OF 24 PANELISTS

We, 5 members of the Citizens' Initiative Review, oppose Ballot Measure 85 for the following reasons:

- As written, Measure 85 cannot assure additional funding for K-12 and may give the public the perception that tax policy and K-12 school funding issues have been solved thus inhibiting the discussion for future, comprehensive budget reform. The Legislature retains control and discretion of the General Fund.
- Measure 85 removes the flexibility to place corporate kicker funds into a rainy day or other reserve fund for future use.
- Due to the history of infrequent Kicker payouts, they are too random and cannot be considered as a reliable source of income.
- Over a 30 year period, Oregon Legislators have, on average, spent 99% of the available General Funds. Demonstrating an inability to prepare for budget shortfalls.

Measure 85 seeks to change the Oregon constitution and should not be passed without serious consideration. This measure removes the flexibility to use the corporate kicker funds where they are most needed at the time of the distribution. We feel that this measure creates an illusion that it is "fixing" the current K-12 economic situation in Oregon. Having spent the majority of the available general funds over the last three decades the Legislature has demonstrated that "if you send it, they will spend it." We feel that real reform is the answer and Measure 85 does not "measure" up.