



The Rainy Day Fund: House Bill 2707-C **House Floor Speech**

March 8, 2007

Introductory Comments

Mr. Speaker, esteemed colleagues and assembled guests, I rise in support of House Bill 2707 C.

Given the comprehensive debate on this issue just over a week ago, and the subsequent compromise before us, I am inclined to forego any rhetorical flourish and simply describe the main features of the measure, with particular attention to the key differences between this one and the last.

The main purpose of this bill is, of course, the same as before—to establish the Oregon Rainy Day Fund. Like a savings account, the rainy day fund sets aside surplus revenue during periods of economic growth for use in times of budget shortfalls. The fund will smooth out the highs and lows of our tax system, and create a more stable fiscal structure over time by allowing us to balance the state budget without having to constantly change our tax system or spending priorities.

Briefly, this measure will achieve the following:

- Stabilize our state's fiscal structure and improve our investment climate;
- Raise our general obligation bond rating and accordingly, save our state an estimated \$10 million annually on interest payments; and
- Allow us to avoid fiscal policy decisions that can worsen economic downturns, such as tax hikes or spending cuts.

In virtually all respects, this bill represents a Solomon-like compromise. Where there were differences between the committee and minority reports, leadership saw fit to split them down the middle. The key changes include the following:

- The maximum size of the Oregon Rainy Day Fund is now set at 7.5% of the General Fund which, when added to the Education Stability Fund, creates a reserve with a total cap of 12.5%;
- The one-time redirection of this biennium's corporate kicker contains a small business exemption of about \$24.8 million based this time on gross sales rather than taxable income, ensuring it better targets the intended companies;
- The ongoing revenue source consists of 1% of the General Fund to be transferred from the ending fund balance, starting with the current biennium;
- Interest from the Oregon Rainy Day Fund accrues to the fund and to no other revenue source;
- Withdrawals from the fund are limited to two-thirds of the available reserve to ensure the Legislative Assembly does not spend the entire amount in any single biennium; and
- Monies from the fund can be withdrawn only in the instance of both specific economic conditions that signal a recession and a three-fifths vote of each chamber.

This revised version of House Bill 2707 comes to you from the House Revenue Committee where it passed on a unanimous vote.

In my opinion, while this measure is not the best that can be imagined, it is the best that can be achieved in our current circumstances. Politics is, after all, the art of the possible. This critical measure will help restore fiscal responsibility and at the same time, renew the public's trust in our collective purpose. In nature, as in politics, the tree is known by its fruit. And I hope the long-standing need for greater fiscal responsibility inspires you to join me in voting 'Aye' on House Bill 2707 C.

Closing Comments

In order to ensure the bill passed in time to receive a first hearing in the State Senate, Rep. Edwards was forced to cut this portion of his speech short. The italicized portions of the speech indicate what he said during the floor session on the measure.

Mr. Speaker, esteemed colleagues and assembled guests,

After last week's exhausting travails and hard-won triumphs on this issue, I am tempted to begin and end my closing comments with a few simple words from the 2nd-century Roman emperor Marcus Aurelius: "bonus lex must obduco." Or, roughly translated from the Latin, "good bill,

should pass.” It would be a grave wrong on this historic occasion, however, to conclude quite so glibly.

This measure affirms our shared commitment to the future welfare of Oregon. However imperfect, it is a vital testament to the power of mutual trust. We cannot expect the people to trust us with their happiness if we do not trust each other—because trust is a self-fulfilling prophecy. We tend to get what we expect. If we start with base suspicion, if we watch only for partisan advantage, we will inevitably lose our way and the democratic faith that sustains this government. The people we serve rightly demand we resist the partisan temptations of the moment and instead, seize the grand opportunities only joint action can make possible.

To match or exceed the achievement of this bill, we must act on principles that may appear at first to be as frail as frost. Trust, after all, begins with faith—a faith that when we reach out, tentative and vulnerable, we will be met with a firm, promissory handshake. The difficulty of bearing deceit has less to do with the deceit itself and more to do with the set of unspoken assumptions by which we live. Any deceit that contradicts these assumptions corrupts the faith at the heart of our common work.

This is the lesson of “A Ritual to Read to Each Other” by the late Oregon poet, William Stafford:

If you don't know the kind of person I am
and I don't know the kind of person you are
a pattern that others made may prevail in the world
and following the wrong god home we may miss our star.

For there is many a small betrayal in the mind,
a shrug that lets the fragile sequence break
sending with shouts the horrible errors of childhood
storming out to play through the broken dyke.

And as elephants parade holding each elephant's tail,
but if one wanders the circus won't find the park,
I call it cruel and maybe the root of all cruelty
to know what occurs but not recognize the fact.

And so I appeal to a voice, to something shadowy,
a remote important region in all who talk:

though we could fool each other, we should consider—
lest the parade of our mutual life get lost in the dark.

For it is important that awake people be awake,
or a breaking line may discourage them back to sleep;
the signals we give—yes or no, or maybe—
should be clear: the darkness around us is deep.

The need for trust is universal and insistent. I submit that nurturing trust in this chamber depends largely on recognizing that, Democrats and Republicans alike, we are only temporary agents of the people. By bearing this in mind, we will keep alive the trust necessary to realize the common good. My sincere hope is that, in time, we will regard last week's party-line vote on this measure as a 'fortunate fall'—the misstep that inspired us to take the higher ground, together.

I know to some veterans of this process, these sentiments may sound overly simplistic or even naive. In my short time here, however, I have found that all too often, choices are made based on politics rather than principle, as though people were obligated to follow some long dead tradition, regardless of the consequences. One of the central tenets of this country, however, is that the past alone should not dictate our plans. We are always free to choose a different path. Moreover, in my faith, choosing is the most essential religious act, both a right and a responsibility. And the people we serve—especially our most vulnerable citizens—are counting on us to choose wisely.

When we sing the hymns of the church, the significance of our experience is magnified by the shared feelings of so many others. Likewise, let our fellow feeling magnify the significance of this occasion. Let this vote mark a new start. Let this vote begin to rebalance the civic scales, which have tilted for too long toward simple-minded partisanship. Let this and upcoming votes further our trust, dispel the darkness of the unknown future and yield a steady preference for what is most beneficial for all of Oregon. Please join me in voting 'Aye' on House Bill 2707 C.

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