

Governor: Tax, spending options on their way

Speaking to the Oregon Leadership Summit, Brown said proposals likely will be discussed in 2018 legislative session

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Oregon Gov. Kate Brown speaking at Monday's Oregon Leadership Summit in Portland.

PORTLAND — Gov. Kate Brown plans to propose tax overhaul and cost-containment measures in the coming months to address the state's ongoing revenue deficit, she told the annual Oregon Leadership Summit Monday.

Without revealing details of the proposals, Brown said her office is developing policy options that could be presented in time for the Oregon legislative session in February.

Her office is examining "a handful of options to solve the structural deficit issues Oregon faces, not just for the short-term but for the long-term," Brown said. "It is time that we quit kicking this can down the road."

But the Legislature's ability to consider such proposals could hinge on potential policy changes at the federal level, Brown said.

The federal tax reform bill being worked out by Republican lawmakers has Oregon revenue experts and state economists scrambling to come up with an analysis showing how the proposals could impact Oregonians' finances and the state's budget and services.

"Certainly, what is happening at the federal level makes it really hard for us to have a detailed conversation about (state) tax policy right now," she said.

Also distracting from negotiations toward a state tax overhaul is a statewide referendum Jan. 23 to repeal a health care funding bill passed by state legislators earlier this year. The bill was intended to maintain health insurance for more than 350,000 low-income Oregonians. Its repeal would compel state leaders to come up with a way to offset the loss in revenue, including the possibility of reducing subsidies for health coverage.

Any state tax overhaul conversation likely would spark calls for the state to curtail employee benefit costs and up employee contributions to the Public Employees Retirement System to help offset a \$21 billion unfunded liability in the system.

"I think the role of the state is to make sure that we are incenting local employers ... on paying down their (unfunded actuarial liability) so the entire number comes down," Brown said. "That will eventually reduce employer rates and enable us to put more money into classrooms ... and services that vulnerable Oregonians need."

She said she also could ask employees to "have some skin in the game."

"We are looking at cost sharing/risk sharing," she said.

Her staffers also are examining recommendations by a PERS task force to come up with policy proposals for February.

"I have asked my team to put together a handful of options and I look forward to working with the business community on what those look like," Brown said.

The 15th annual summit — founded by U.S. Sen. Ron Wyden — drew more than 1,200 businesspeople, policy wonks, politicians and others to the Oregon Convention Center.

The event also serves as the vehicle for unveiling the annual Oregon Business Plan, a policy roadmap for stimulating the economy and supporting business in the state.

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