



July 31, 2024

TO: Members of the IP 17 Financial Estimate Committee

FR: Derek Sangston, Oregon Business & Industry

RE: Financial Estimate for IP 17

Thank you for the opportunity to submit written comments regarding the financial estimate statement for Initiative Petition 17 (IP 17).

Oregon Business & Industry (OBI) is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

OBI generally supports the draft financial estimate statement, but respectfully requests that the committee provide more information about both the net deficit IP 17 would bring to state General Fund resources and what the administrative costs IP 17 would require.

General Fund Deficit

The financial estimate statement currently uses the Legislative Revenue Office's (LRO) analysis to tell voters IP 17 would raise \$14.7 billion for the 2025-27 biennium and \$15.6 billion for the 2027-29 biennium while requiring rebates to be paid out in the amounts of \$13.6 billion and \$17.1 billion during the same respective time periods. In that same report, LRO also indicates that the net effect of IP 17 would place the state General Fund in a loss position of nearly \$1.2 billion for the 2025-27 biennium and an even greater \$2.8 billion loss for the 2027-29 biennium. A legislative counsel (LC) opinion made available to the committee correlates with these estimates and validates the LRO "alternative," which is the source of those numbers, as the likely scenario. The draft financial estimate statement does not disclose those losses to the state General Fund.

To provide voters with a more complete understanding of the financial impacts of IP 17, the financial estimate statement should include the available information showing the initiative's net revenue loss to the state's General Fund. Doing so would give voters the opportunity to evaluate the potentially substantial impact IP 17 would have on state funding.

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Administrative Costs Imposed on DOR

The financial estimate statement reads, “Administrative costs and any additional payments will be deducted from the amount to be distributed” to detail the administrative costs IP 17 would impose. Voters should also be informed about what those administrative costs would require.

For instance, in its report on IP 17, the Oregon Department of Administrative Services (DAS) estimated that DOR would need 199 positions to fulfill the significant workload created by IP 17. DOR would need those positions to process applications for the rebate and review both the payments and refunds for fraudulent activity, which has plagued state programs ranging from unemployment insurance benefits to the implementation of Oregon’s Paid Family Medical Leave Benefit program.

Voters would be well-served to know not only the substantial number of positions DOR would need to implement IP 17 but also be informed that the state would need to make that substantial investment due in part to the likely occurrence of fraud that would occur with a program that promises financial rebates.

Thank you for considering these comments.