



State Representative **Michael Dembrow**

February 9, 2009

Dear Friends and Constituents,

This Saturday, February 14th is a very special day for Oregonians: Oregon's 150th Birthday. While we take time to reflect on our shared history, we are also keeping very busy here in Salem. Last week, the legislature passed a stimulus bill, disconnected from the Federal Government on tax policy and continued the conversation on the budget cutting process.

Economic Stimulus

I am proud of the critical jobs stimulus and investment package that the legislature passed last week. Because of the bill's passage the state can purchase bonds this week to fund capital construction projects in all thirty-six counties, at all seven state universities and all seventeen community colleges throughout Oregon.

Projects that will be funded by the stimulus were evaluated on their ability to start immediately and their long term benefit to the state -- creating jobs or preventing layoffs. Projects were selected that increase energy efficiency, create a long term benefit for the public and save money in more costly repairs in the future. There will be ongoing oversight by the legislature as these projects go forward. Agencies must show that projects began on time and ended on time, and will report the impact on local employment. You can look through the community college projects that were funded here (PDF): http://www.leg.state.or.us/comm/lfo/economic_stimulus/community_college_list.pdf and other specific projects here: <http://www.leg.state.or.us/comm/lfo/>

Oregon Codifies Disconnect

The Legislature took measures this week to disconnect from the federal tax code, so that new federal deductions are not automatically extended to state income taxes. In the federal stimulus package, Congress may choose to enact new deductions that would have negative impacts in Oregon's budget. Unlike the federal government, Oregon has a constitutional responsibility to keep our budget balanced, and that is going to be very difficult this session. In times like these, we have an obligation to Oregonians to make decisions that are best for this state. We can always choose to reconnect with federal tax code in the future, but as of right now- when this passes the Senate- any changes being made after December 31, 2008 will not be enacted by Oregon.

Timeline for Budget Cuts

The Legislature is not immune to the budget crisis and in recognition we've cut our own budget by \$4.3 million this biennium. Those reductions come from a salary freeze for the entire Legislative Branch, and the elimination of out-of-state and overnight travel expenses. Some of that \$4.3 million comes from savings from proactive steps the Legislature had already taken to come in under-budget on the Capitol Remodel and other projects.

The Legislature is continuing to move quickly to address our budget shortfalls. This week we will start public hearings on the 5% agency budget reduction proposals for the 2007-09 biennium. We are holding public hearings at 4:30 on Tuesday, Wednesday and Thursday afternoons on Human Services, Education, Natural Resources and other program areas, respectively:

<http://www.leg.state.or.us/09reg/agenda/webagendas.htm>. If you have a chance to attend, please do.

Real world perspective on these agencies is invaluable as we proceed through this process. As always, you can watch these hearings live on the legislature's website: <http://www.leg.state.or.us/listn/>.

Rainy Day Fund: Is it raining yet?

As you may know, during the 2007 session, the Legislature created a Rainy Day Fund. This fund is meant as a reserve for hard times and currently contains \$340.5 million, but the Legislature is only allowed to take 2/3 out at one time, leaving the possibility of \$227 million to help backfill budget cuts. The state also has an Education Stability Fund (ESF), created by voters during our last recession. The ESF diverts lottery funds to a fund that can be used for education. There is currently \$368 million in this fund. As this Session progresses we are going to have some hard conversations about whether or not to dip into these reserves and I want to hear what you think:

Do you think we should tap into the Rainy Day Fund? The Education Stability Fund?

If so, to what extent?

Where would you want that money to go?

Please email me your answers and thoughts: rep.michaeldembrow@state.or.us

Town Hall and Constituent Coffee

We had our first Constituent Coffee this past Saturday morning, at Manhattan Café on NE Broadway. We had a great conversation, and I'm looking forward to more opportunities to hear from you. We will be holding these coffees on the second and fourth Saturday of each month – our next Constituent Coffee is on Saturday, February 28th from 9:30-11am (location TBA).

I will also be participating in a town hall meeting at the PCC Cascade campus on Tuesday the 24th at 4pm. Please stay tuned for details!