From:	salem_update-bounces@lists.oregonstate.edu on behalf of Mills, Jock
To:	CAS DeanStaff; CAS Unit Leaders; Salem Update Listserv
Subject:	[Salem Update] Rep. Chris Edwards appointed to fill vacancy inSenate and what to expect in the next revenue forecast
Date:	Wednesday, August 05, 2009 2:09:11 PM
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Edwards replaces Walker. Today the Lane County Commissioners appointed Democrat State Rep. Chris Edwards to fill the vacancy in the Oregon State Senate when Governor Kulongoski appointed Vicki Walker last month to the State Parole Board. Edwards, an OSU Alum, was serving his second term in the House. Now, to fill Edwards' vacancy in the House, the Lane County Democrats will undergo the same process they followed in nominating three candidates for the Senate vacancy. The Lane County Commissioners will choose among the three nominees. If they cannot agree on an appointment, the Governor may appoint the replacement. The House seat may be more contentious since it will likely involve a relative newcomer/non-incumbent. It's a first relatively cheap step for somebody's political career.

The next quarterly economic and revenue forecasts are due to be delivered to the Senate and House Revenue Committees on Thursday, August 27th. Although I do not have any inside dope from the forecast gurus, it may be useful to consider that traditionally the forecasts are the most volatile during the spring months as individuals file tax returns and the state issues refunds. Between the spring and fall forecasts, there isn't as much going on, so there is a lower likelihood of significant change. In addition, given some of the significant drops that have occurred over the last year and a half, especially in capital gains taxes, there just simply isn't a lot more distance the various revenue streams can fall. The ball has bounced only so high, so it can't fall that much further. There will be another forecast on Thursday, November 19th. With the legislature scheduled to convene on Monday, February 1st, 2010 for a three week session, we anticipate the spring forecast will happen within the first week or so of that session, though no decisions have been made.

Given some of the recent upticks in the housing and automobile market, a likely question legislators will ask of the economists when the Revenue Committee considers the forecast is, "How likely is it that revenues will exceed the May 2009 forecast by more than 2%?" In that event, the entire amount over the forecast will be carved out of the 2011-13 budget to be refunded in the form of "kicker checks" to taxpayers. Given the overall volatility of the times, a 2% margin of error is very small, so IF the forecast predicts an increase, the likelihood of triggering the kicker is fairly significant.

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