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OTHER VIEWS

Record revenue forecast conceals rainy days ahead

The (Corvallis) Gazette-Times

Here’s an item from Salem that you might have missed last week: The state’s economists are predicting that legislators will have a record amount of revenue with which to work as they craft a spending plan for the 2019-21 two-year budget cycle.

The latest quarterly revenue estimate came last week from the Oregon Office of Economic Analysis (perhaps the only agency of state government that prepares PowerPoint slides featuring a tiny image of Bigfoot in the lower left corner, a touch that we find admirable). This is the revenue estimate that legislators on the powerful Ways and Means Committee will use as they work to produce their first draft of the 2019-21 budget.

There is good news for state taxpayers in the most recent revenue estimates: The numbers likely mean that taxpayers will receive somewhat larger rebates from the state’s oddball “kicker” system when they file their taxes in 2020.

You’ll recall that the kicker rebate is triggered when tax revenues for a two-year budget cycle come in at more than 2 percent above the economists’ forecast made at the start of the cycle. (The median kicker, the economists estimated, for a taxpayer earning about \$35,000 will be around \$180, but remember that the state pays that now in the form of tax credits instead of a check.)

For legislators, the increased revenue amounts are good news as well, to a point: The final result is that they should have



This Jan. 11, 2018, file photo, shows dark clouds hovering over the Capitol in Salem.

AP Photo/File

about \$67.7 million more to work with than anticipated in previous estimates. The total amount in the general fund (think of this fund as the state’s checking account) for 2019-21 should be around \$22.5 billion.

That’s a lot of money. The problem, of course, is that it’s not enough to cover all the increased expenses anticipated in the state’s budget, in particular a pair of familiar budget-busters: The increased premiums associated with the state’s underfunded public pension system and the growing

costs of the state’s expanded Oregon Health Plan, the state’s version of Medicaid.

Part of that Oregon Health Plan gap was filled last week when the Senate approved House Bill 2010, a \$380 million package of taxes on hospitals and health insurers that will remain in place for six years. The measure already has passed the House of Representatives, and Gov. Kate Brown is expected to sign it. The bill expands and extends the funding pieces approved by voters in January 2018’s Mea-

sure 101, and it increases a 1.5 percent tax on health insurance providers to 2 percent. Rep. Greg Smith, R-Heppner, and Sen. Bill Hansell, R-Athena, voted in favor of the bill while Rep. Greg Barreto, R-Cove, voted against the bill.

(Every mid-valley legislator, with the exception of Scio Republican Sherrie Sprenger, voted for the bill.)

The state still faces a gap of \$542 million or so to fund the Oregon Health Plan, and Brown’s two proposals to plug that (a \$2-per-pack additional cigarette tax and a tax on employers whose workers are on the Oregon Health Plan) face, shall we say, a somewhat dubious Legislature.

One other point from last week’s forecast is worth keeping in mind.

The state’s economists are joining a national chorus of economists who are increasingly certain that the national economy will be significantly slowing down by next year. If that turns out to be the case, and considering Oregon’s vulnerability to economic slowdowns, it would behoove legislators to do what they can to bolster the state’s rainy day fund and its education stability fund, which have about \$1.9 billion combined. That seems like a hefty amount, about 9 percent of the general fund. But, the economists warned, “such reserves would barely be sufficient to withstand a typical recession’s impact on state revenues, let alone account for the increase in public services and programs during downturns.”

Bottom line: It’s not rainy quite yet. But it will be soon. Let’s be sure we’re ready for the rain.



OTHER VIEWS

Democrats send strong message: Impeachment is on

The chairman of the House Judiciary Committee says there is no doubt President Trump has obstructed justice.

“It’s very clear that the president obstructed justice,” Democratic Rep. Jerrold Nadler told ABC News recently. “It’s very clear — 1,100 times he referred to the Mueller investigation as a witch hunt, ... he tried to protect Flynn from being investigated by the FBI. He fired Comey in order to stop the ‘Russian thing,’ as he told NBC News. ... He’s intimidated witnesses. In public.”

Think what you will about the reasons — calling an investigation a “witch hunt” is obstruction of justice? — but Nadler sounded less like a man weighing the evidence than a man who has made up his mind. Given that, Nadler’s interview led to a question: President Nixon was threatened with impeachment for obstruction of justice. President Clinton was impeached for obstruction of justice. Why is Nadler, who, as judiciary chair, heads the committee in the House that originates articles



BYRON YORK
COMMENT

of impeachment, not moving forward with impeaching President Trump right now?

“We don’t have the facts yet,” Nadler said — a perplexing admission for a man who had just confidently enumerated the president’s crimes. “Impeachment is a long way down the road.”

As National Review’s Rich Lowry pointed out a short time later, no one should believe Nadler’s caution. “Don’t be fooled,” Lowry tweeted. “Being a ‘long way’ from impeachment is their first step to impeaching (Trump).”

Indeed, Nadler went on to explain why Democrats have not yet moved to impeach the president. Essentially, he said, the party doesn’t yet have its ducks in a row. There is preparatory work — evidence gathering and creating a communications strategy — to be done before going forward.

“We have to — we have to do the investigations and get all this,” Nadler said. “We do not now have the evidence all sorted out and everything ... to

do an impeachment. Before you impeach somebody, you have to persuade the American public that it ought to happen. You have to persuade enough of the — of the opposition party voters, Trump voters, that you’re not just trying to ... reverse the results of the last election.”

Nadler’s talk with ABC was the clearest indication yet that Democrats have decided to impeach Trump and are now simply doing the legwork involved in making that happen. And that means the debate among House Democrats will be a tactical one — what is the best time and way to go forward — rather than a more fundamental discussion of whether the president should be impeached.

Not long after speaking to ABC, Nadler released a list of 81 names of Trump associates from whom the Judiciary Committee is requesting documents in what Nadler called “the first steps of an investigation into the alleged corruption, obstruction and other abuses of power by President Trump, his associates and members of his administration.”

Other House Democrats are sending similar messages. “There is abundant evidence of

collusion,” House Intelligence Committee Chairman Adam Schiff said on CBS recently. Schiff has launched a new Trump-Russia investigation to re-cover the territory covered in the probes by his own committee, by the Senate Intelligence Committee and by Trump-Russia special counsel Robert Mueller.

“I have said that I think we should await the evidence from Bob Mueller as well as our own work,” Schiff said.

That could mean almost anything; Schiff’s committee can — and most certainly will — investigate Trump for the rest of the president’s term. What Schiff did not say is at what point House Democrats will decide to pull the trigger.

There will be other House leaders involved, too.

A few days ago, NBC reported that Ways and Means Committee Chairman Richard Neal has told his staff to prepare a request to the Internal Revenue Service for the president’s tax returns. It will, in fact, be a demand — “We will take all necessary steps, including litigation, if necessary, to obtain them,” a spokesman for House

Speaker Nancy Pelosi told NBC. The administration will likely resist — the House “request” would be unprecedented — and the process could take time. But Democrats believe, as Pelosi’s spokesman said, that “all roads lead back to President Trump’s finances.”

So now the Democratic plan is coming into sharper relief. The impeachment decision has been made. Various committee chairs are moving forward in gathering and organizing the formal justification for removing the president.

The timing decision is still up in the air, as is an overarching communications plan — selling impeachment to the American public, or more specifically, to those Americans who don’t already support it.

The sales campaign will most certainly be high-minded. “It’s our job to protect the rule of law,” Nadler said Sunday, echoing the Republicans who impeached Bill Clinton in the 1990s. But whatever the stated rationale, impeachment is on.

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Byron York is chief political correspondent for The Washington Examiner.