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Consider families-first fiscal plan

The burning issue for legislators in 2008 seems to be what they should do with the billions in excess money sluicing into the state treasury due to high oil prices and newly beefed up oil taxes. Gov. Sarah Palin says the state will receive \$4.7 billion more in this budget cycle than needed to keep the roads plowed, schools open and other state services flowing. She proposes diverting the surplus into an assortment of more or less temporary special purpose repositories, and labeling it "savings." Palin theorizes that the surpluses will disappear in the future, turning into shortfalls, at which time the money stashed away now will be available to tide the state over.

The idea that state government must hoard revenue windfalls so it will have a cushion to carry it through coming bad times is an article of faith to Alaska politicians, but it hasn't always been self-evident to others. Consider Oregon. For 28 years that state has had law on the books mandating exactly the opposite principle: that the disposition of windfalls ought to be decided by Oregon households, not by Oregon's politicians. Whenever the state collects 2 percent more money than it needs to pay its bills, the excess has to be "kicked back" to taxpayers. Voters liked the principle so much that in 2000 they added the "kicker" provision to the state constitution.

State revenue has surged over the past two years in Oregon and Alaska. The result in Oregon was that before Christmas, families received checks averaging \$600, for a total distribution of \$1.1 billion. By comparison, Alaska Permanent Fund dividends distributed by Alaska in 2007 totaled \$1 billion.

"The kicker has proved successful in giving back to taxpayers what is theirs,

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- [2003 Archives](#)
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January 2008

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October 2007