

The 2018 Mid-Election Politics

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Although your advocacy leaders are already thinking about policy proposals and strategies for the 2019 Legislative Session, running as background script throughout this year - and all advocacy activities - is the mid-term election cycle. Without even contemplating national politics... it's going to be a wild ride.

The direction of the State Senate hangs in the balance as a pivotal race in East Multnomah County has drained the energy and resources of special interests and partisan groups. Due to the political make-up of the district, this race in SD 24 was a primary election race between Democrats¹. As politics does make strange bedfellows, more conservative interests lined up behind the incumbent, Rod Monroe, to help him defend his seat of 40 years against a former State Representative and civil rights attorney, Shemia Fagan. Shemia has always worked hard in her election challenges - and won. The win for Fagan on May 15th could mean a change in tack for the Senate, which has halted or diminished many a proposal that has come over from the more liberal House. The next two races that are expected to get expensive (and partisan) are in the transforming districts in Southern Oregon, including Medford and Ashland, and the Gorge in Hood River and Sandy. Stay tuned to the Senate, as these two seats will be decided in November and if these districts "flip" party, we are likely to see a more emboldened, progressive voting block emerge.

The House, in turn, has built up its reserves for a long and likely bruising campaign season in districts that have been poised to flip from Republican to Democratic control. Seeing through to November, a Super Majority could be awarded at the end of the general election cycle. In this particular political climate, appetites to expand the boundaries of the majority party further into the red districts are large. Republicans are going to be on the defense in Hood River and a key seat in Bend is theirs to lose. You can expect that conservative interests are going to show up in a big way to keep these two seats, and therefore the power of the Democrats to unilaterally raise taxes and pass nearly anything they darn well please.

Meanwhile, Governor Kate Brown had called a special session. Despite the fears of any entity that must interact with the government, there was only one new policy proposal, which focused on providing some Oregon small businesses a similar state passthrough tax credit as was included in the federal tax reform act passed in 2017. The goal was to mitigate the impacts of a bill in 2018 that disconnected the state and federal tax codes, [SB 1528](#), and is so doing prevented various businesses in Oregon from receiving a passthrough deduction at the state level that would be connected to the federal tax code and worth about a quarter-billion dollars. Republicans and much of the business community had urged the governor to veto SB 1528.

It was certainly not an easy decision to convene a politically costly special session - and there and there was plenty of partisan bickering beginning. The Governor's proposal only reconnected that passthrough tax credit in Oregon to sole proprietors with at least one employee working 30

¹ It should be noted that although there were three candidates running, the third person was not seen as a part of the political battle.

hours a week. That left a number of other eligible employers outside the benefit of the reconnect but limited the fiscal impact to less than \$15 million...though some argued that was \$15 million less for schools, health or public safety. The political calculation was that a special session to give this concession to small business was, ultimately, the politically expedient strategy. Despite the grouching by many, the messaging on this special session has the potential to be a political win for everybody in an election year.

We'll see what the Governor's opponent, State Representative Knute Buehler, paints it as during his campaign if not a waste of tax payer dollars or an abomination of the public process. These two have faced off before in the 2012 bid for Secretary of State - an important position for setting election rules and redistricting. To capture the middle, those voters who do not belong to a party, both candidates are going to have to run towards a moderate position on a handful of issues. The delicate balance for both, however, will be to ensure that their base is not alienated. It does no good to pick up votes from outside your party, if you are losing them on the inside for not going far-enough. This is poised to be expensive race.

The watch for statewide elected office didn't just include the Governor's race, it included the Labor Commissioner's race, as well. Little understood, this office is a testament to Oregon's belief in fair employment practices and is unique in the nation as an elected position, not appointed. In the end, former House Majority Leader Val Hoyle, who was also the insider's favorite, emerged victorious over local-town mayor Lou Ogden, but in a race where very few people know how to vote, anything could have happened.

It is not just the State Capitol building under the haze of politics. Also on the ballot was a seeming District Attorney revolution, as a new generation of attorneys had to battle their way into this leadership role in some pivotal counties, relating to criminal justice reform. Finally, don't forget Oregon's initiative system; ballot measures you may be asked to vote on include gun violence prevention measures, affordable housing via bonding, corporate tax disclosure laws, anti-abortion policies, anti-union measures, anti-vaccination measures, net-neutrality and more! Not all of these will meet the many, varied requirements to make it to the ballot. Those that do will have some serious financing, complicating the election landscape even further.

Buckle up, OSPA, as this election cycle has only just begun...

Please feel free to contact us at any time if you have any questions by emailing Bill Cross at bill@wvcross.com or Niki Terzieff at niki@leadingedgepublicaffairs.com.