

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number: HB 2707A-MR
MINORITY REPORT
Economist: Warner
Revenue Area: State Finance
Date: 2-21-07

Measure Description:

Implements constitutional one-time exception process for changing estimate used to calculate surplus corporate kicker credit. Establishes new estimate of \$775 million for 2005-07 corporate income tax collections. Directs difference between actual corporate income tax collections for 2005-07 biennium and close of 2005 session estimate into Oregon Rainy Day Fund and \$35.1 million of revenue between new estimate and actual collections to credit for corporate taxpayers with taxable 2007 income of \$500,000 or less. Requires deposit from General Fund ending balance of up to 1% of projected General Fund revenue following first forecast after close of regular 2007 session. Requires 2/3 vote and Governor's emergency declaration to access fund. Sets combined 10% cap for fund and existing Education Stability Fund. Provides for 2% surplus corporate kicker credit if actual corporate income tax collections exceed new estimate by 2% or more.

Revenue Impact:

(in millions)	2007-09 Biennium	2009-11 Biennium
State General Fund	-126	-155.5
State Other Funds*	+366	+155.5

*Oregon Rainy Day Fund

Impact Explanation:

Based on December 2006 revenue forecast of \$775 million. This means that \$240 million is transferred to the Rainy Day Fund and \$35 million is allocated to a credit for corporations with net income below \$500,000. Transfers from the General Fund to the Rainy Day Fund are based on 1% of projected General Fund revenue (December 2006 forecast for General Fund revenue in 2007-09 and 2009-11). The 1% transfer for 2007-09 is estimated at \$126 million. The estimate for 2009-11 is \$155.5 million.

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