

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	HB 2707-C
Revenue Area:	State Finance
Economist:	Warner
Date:	3-7-07

Measure Description:

Implements constitutional one-time exception process for changing estimate used to calculate surplus corporate kicker credit. Sets new 2005-07 corporate income tax estimate at \$975 million. Creates Oregon Rainy Day Fund. Directs difference between actual corporate income tax collections for 2005-07 biennium and close of 2005 session estimate into Oregon Rainy Day Fund up to new estimate after \$24.8 deposit to General Fund. Requires deposit from General Fund ending balance of up to 1% of General Fund appropriations following biennia starting on or after July 1, 2007. Establishes triggers to access fund. Sets 7.5% cap for 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	2009-11
General Fund		
Transfer from New Corporate Kicker Estimate	24.8	0
Up to 1% of Ending Balance	0	-138.4
Net Impact	24.8	-138.4
Rainy Day Fund		
New Corporate Kicker Estimate	290.3	0
Up to 1% of General Fund Ending Balance	0	138.4
Imputed Interest on Fund	26.1	41
Net Impact	316.4	179.4

Impact Explanation:

Revenue impact estimate based on March 2007 revenue forecast of \$815.1 million for 2005-07 corporate income taxes. Rainy Day Fund account would receive the difference between actual collections and the close of session estimate (\$500 million) up to new estimate of \$975 million after disbursement of \$24.8 million to the General Fund. Interest earnings based on \$290.3 million transfer to Rainy Day Fund on September 1, 2007 from retention of corporate kicker credit with monthly crediting to account. Ending balance transfer of \$138.4 million following 2007-09 biennium based on appropriations level and projected ending balance in Governor's Recommended Budget. For interest earnings computation, deposit assumed to take place March 1, 2010.

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