

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	HB 2707-D-MR
Revenue Area:	State Finance
Economist:	Warner
Date:	3-14-07

Measure Description:

Establishes Oregon Budget Reserve Fund. Requires 3% of General Fund revenue projection to be left unappropriated when budget is developed. If actual revenue equals or exceeds projection, 3% of General Fund revenue is deposited into fund in the following biennium. If actual General Fund revenue is less than projection, amount above 97% of projection is deposited into reserve fund. Limits withdrawals to 2/3 of fund principle in any one biennium. Specifies that earnings on fund balances are retained in fund. Establishes triggers for accessing fund. First applies to 2009-11 biennium.

Revenue Impact:

(in millions)	2007-09	2009-11	2011-13
General Fund			
Portion of Revenue Projection Left Unappropriated	0	470.3	526.2
Transfers	0	0	-470.3
Net Impact	0	0	-470.3
Oregon Budget Reserve Fund			
Transfers from General Fund	0	0	470.3
Interest earnings	0	0	42.5
Net Impact	0	0	512.8

Impact Explanation:

Revenue impact estimate based on March 2007 General Fund revenue forecast for 2009-11 and 2011-13 biennia. 3% of forecast is assumed to be left unappropriated but remain within the General Fund. Assuming that actual revenue is equal to the forecast, the first deposit into the fund is assumed to take place on September 1, 2011. This deposit, estimated to be \$470.3 million, will then begin to generate interest for the fund. Interest earnings are projected to be \$42.5 million for the 2011-13 biennium. This leaves a fund balance of \$512.8 million on June 30, 2013.

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