

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number: SJR 3A
Revenue Area: State Finance
Economist: Warner
Date: 2-15-07

Measure Description:

Amends constitution. Redirects surplus kicker credit for corporations to a rainy day savings account. Requires Governor to prepare estimate of corporate income and excise tax revenue for the biennium. If actual revenue exceeds estimates by 2% or more, entire amount of excess is deposited in a rainy day account in the following biennium. Refers amendment to voters for special 2007 election set in SB 549.

Revenue Impact:

| (in millions) | 2007-09 Biennium | 2009-11 Biennium |
|--------------------|---------------------|---------------------|
| State General Fund | | |
| State Other Funds | +275 | 0 |

Impact Explanation:

December 1, 2006 revenue forecast projects a corporate surplus kicker credit of \$275 million. If SJR 3 is approved by voters the tax credit is retained as state other fund revenue for a rainy day fund. It is assumed that there will not be excess revenue following the 2007-09 biennium. Historically (1979-81 through 2005-07) 2% surplus kicker credits for corporations have averaged .71 % of General Fund revenue. However this revenue will occur unevenly with some biennia in which the calculation yields no revenue and some biennia in which revenue far exceeds the .71% average.

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