

**74TH OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session  
STAFF MEASURE SUMMARY  
SENATE FINANCE & REVENUE COMMITTEE**

**MEASURE: SB 48-A  
CARRIER: Sen. Starr**

**REVENUE: Revenue statement issued**

**FISCAL: Fiscal statement issued**

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**Action:** Do Pass as Amended  
**Vote:** 4-0-1  
**Yeas:** Burdick, Monroe, Starr, Deckert  
**Nays:**  
**Exc.:** George  
**Prepared By:** Paul Warner, Economist  
**Meeting Dates:** 2/1, 2/5, 2/15

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**WHAT THE BILL DOES:** Takes effect with passage of SJR 3. Creates Rainy Day Savings Account within the General Fund. Serves as depository for excess corporate income tax revenue if SJR 3 is approved by voters. Requires deposit from General Fund ending balance of up to 1% of General Fund appropriations following close of biennium. Establishes triggers for accessing fund. Allows access with majority vote if last quarterly forecast for biennium projects that revenue will be 3% or more below current General Fund appropriations, non-farm payroll employment declines for 2 consecutive quarters or the General Fund revenue forecast falls 2 percent or more below the close of session estimate. Also allows access with 3/5 vote if Governor declares emergency unrelated to other triggers. Restricts withdrawals to no more than 2/3 of fund balance in any one biennium. Caps fund at 10% of prior biennium General Fund revenue. Revenue above cap is dedicated to newly created Education Capital Construction Account.

**ISSUES DISCUSSED:**

- Oregon's volatile revenue system.
- Impact of reserves on state's bond rating.
- Previous legislative efforts to establish rainy day fund.
- Statutory vs. constitutional reserve funds
- Effectiveness of triggers

**EFFECT OF COMMITTEE AMENDMENTS:** Changes destination of corporate excess revenue from Education Stability Fund capital sub-account to newly created Rainy Day Savings Account. Establishes triggers for accessing fund. Establishes cap of 10% of prior biennium General Fund revenue. Directs excess above cap to newly created Education Capital Construction Account. Restricts withdrawals to no more than 2/3 of fund balance in any one biennium.

**BACKGROUND:** There have been numerous efforts to establish a general purpose reserve fund in Oregon. In 2002, the Legislature referred Measure 19 to voters. Measure 19 created the Education Stability Fund in the state constitution. The Education Stability Fund can be used for expenditures on all public education if triggers and/or 3/5 vote requirement is met. The Education Stability Fund is projected to have a balance of \$451 million at the close of the 2007-09 biennium.

*2/23/2007 4:15:12 PM*

*This summary has not been adopted or officially endorsed by action of the committee.*