

Joint Committee on Ways and Means

Carrier – Senate: Sen. Deckert
Carrier – House: Rep. Barnhart

Revenue: Revenue statement issued

Fiscal: Fiscal statement issued

Action: Do Pass the A-Engrossed Measure with Amendments and Be Printed B-Engrossed

Vote: 14 – 5 – 2

House – Yeas: D. Edwards, Galizio, Nathanson, Nolan, Shields
– Nays: Garrard, Hanna, Jenson, Morgan
– Exc:

Senate – Yeas: Carter, Devlin, Gordly, Johnson, Morse, Nelson, Schrader, Verger, Westlund
– Nays: Whitsett
– Exc: Bates, Winters

Prepared By: Ken Rocco, Legislative Fiscal Office

Meeting Date: 3/2/07

WHAT THE MEASURE DOES: Establishes the Rainy Day Savings Account. Requires that if revenues from corporate income and excise taxes exceed two percent of estimate for a biennium, the total amount of the excess is transferred to the Rainy Day Savings Account. Requires that after the ending balance for a biennium is determined, an amount equal to one percent of the General Fund appropriations for the biennium are to be transferred from the ending balance to the Rainy Day Savings Account. Requires that if the ending balance does not equal or exceed one percent of the General Fund appropriations, the entire ending balance is transferred to the Rainy Day Savings Account. Establishes the Education Capital Construction Account and specifies that if moneys in the Rainy Day Savings Account equal 10 percent of the General Fund revenues collected during the prior biennium, moneys that would have otherwise been transferred to the Rainy Day Savings Account be transferred instead to the Education Capital Construction Account. Restricts withdrawals from the Rainy Day Savings Account to two-thirds of the balance in any one biennium. Allows access with a 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. Takes effect with passage of SJR 3 at a special election. Takes effect on 91st day following adjournment of the Seventy-fourth Legislative Assembly if voters approve the resolution.

ISSUES DISCUSSED:

- Establishment of a general purpose rainy day fund.
- The clarification that the first ending balance transfer would effect the 2007-09 biennium's ending balance.

EFFECT OF COMMITTEE AMENDMENT: Specifies that the transfer of up to 1% of the General Fund appropriations from the ending balance to the Rainy Day Savings Account first applies to the biennium beginning July 1, 2007.

BACKGROUND: Oregon currently has a rainy day account that is specified for education purposes called the Education Stability Fund. In 2002, the Legislature referred Ballot Measure 19 to the voters renaming this fund from the Education Endowment Fund. The Education Stability Fund can be used for expenditures on all public education if triggers similar to the Rainy Day Savings Account triggers are met and/or a 3/5 vote requirement is met. The Education Stability Fund is financed with 18% of the state's net lottery proceeds. The Education Stability Fund is projected to have a balance of \$451 million at the close of the 2007-09 biennium. The Education Stability Fund also has a school capital matching subaccount. SB 48 would establish a general purpose reserve fund, not specifically dedicated to education.