

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

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: Amends constitution. Redirects total amount of surplus kicker credits for corporations to a rainy day savings account. Refers measure to voters in special election to be held May 15, 2007.

ISSUES DISCUSSED:

- Level of business community support
- Merits of establishing a rainy day fund
- Relative magnitude of personal and corporate taxes
- Difficulty of accurately forecasting corporate revenues

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Oregon's 2% surplus kicker revenue limit was established in statute by the 1979 Legislature. It became part of the Oregon constitution in 2000 when voters approved a referral from the 1999 Legislature (Ballot Measure 86). For the thirteen biennia the corporate kicker has been in effect (1979-81 through 2003-05), actual corporate collections have exceeded the 2% trigger seven times and fallen below six times. Excess revenue was credited to corporations six times and suspended once (by the 1993 Legislature) during this period. Based on the December 2006 economic and revenue forecast, a corporate kicker credit of \$275 million (or 67%) is projected for the 2007 tax year under current law.