

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

MEASURE: SJR 3-A
CARRIER: Sen. Deckert

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Do Adopt with Amendments

Vote: 3-1-1

Yeas: Burdick, Monroe, Deckert

Nays: Starr

Exc.: G. George

Prepared By: Paul Warner, Economist

Meeting Dates: 2/1, 2/5, 2/15

WHAT THE BILL DOES: Amends constitution. Redirects 2% surplus kicker credits for corporations to a rainy day savings account. Does not affect 2% surplus kicker personal income tax refunds. Refers measure to voters in special election.

ISSUES DISCUSSED:

- Instability of Oregon's revenue system.
- Previous efforts to create reserve funds by past legislatures.
- Economic impact of 2% surplus kicker credits for corporations.
- Difficulty in predicting corporate income tax revenue.
- Possible reaction of voters to proposal.
- Impact on business tax burden

EFFECT OF COMMITTEE AMENDMENTS: Specifies that excess corporate revenue is deposited into a rainy day savings account. Changes election date from general to special election.

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 (Measure 86). For the 13 biennia the 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 the period. A corporate kicker credit of \$275 million or 67% is projected for the 2007 tax year (December 2006 forecast) under current law. If realized this would be the largest 2% surplus corporate kicker credit, both in terms of dollars and % of tax liability, since the calculations began following the 1979-81 biennium.

2/23/2007 4:16:36 PM

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