

## SENATE AMENDMENTS TO SENATE BILL 549

By COMMITTEE ON FINANCE AND REVENUE

February 19

1 On page 1 of the printed bill, delete lines 4 through 30 and delete pages 2 through 4 and insert:

2 “**SECTION 1.** Except as otherwise provided in this 2007 Act, ORS chapters 250, 251 and  
3 254 apply to the special election held on the measure submitted under Senate Joint Resol-  
4 ution 3 (2007).

5 “**SECTION 2.** A special election shall be held throughout this state on May 15, 2007. The  
6 measure referred to in section 1 of this 2007 Act and that is otherwise referred to the people  
7 by the Legislative Assembly shall be submitted to the electors for their approval or rejection  
8 at the special election.

9 “**SECTION 3.** (1) Notwithstanding ORS 250.035, the ballot title for Senate Joint Resolution  
10 3 (2007) shall be:

11 “

12 \_\_\_\_\_  
13  
14 **AMENDS CONSTITUTION: DIRECTS “CORPORATE KICKER” INTO RAINY DAY SAVINGS  
15 ACCOUNT**

16  
17 **RESULT OF “YES” VOTE:** “Yes” vote directs “corporate kicker” funds into dedicated Rainy  
18 Day Savings Account; funds may be used during periods of economic recession in order to  
19 prevent cuts to essential services such as education, health care, senior services and public  
20 safety.

21  
22 **RESULT OF “NO” VOTE:** “No” vote retains current law, which requires state to direct  
23 “corporate kicker” funds to corporations through a tax credit and provides no permanent  
24 mechanism for funding Rainy Day Savings Account established by 2007 Legislature.

25  
26 **SUMMARY:** The 2007 Legislature established a dedicated Rainy Day Savings Account to  
27 maintain funding for essential services such as education, health care, senior services and  
28 public safety during periods of economic recession. The Rainy Day Savings Account can only  
29 be accessed when revenues fall below projections, when there is a sustained rise in unem-  
30 ployment, or when the Governor declares an emergency and three-fifths of the Legislature  
31 authorizes use of the account. This measure amends the Oregon Constitution to create a  
32 permanent mechanism to fund the Rainy Day Savings Account by requiring certain corporate  
33 income/excise tax revenues that exceed projections (known as the “corporate kicker”) to be  
34 placed into the Rainy Day Savings Account.

35 “

1  
2       “(2) ORS 250.085 does not apply to the ballot title prepared under this section. The ballot  
3 title prepared under this section shall be the ballot title printed in the voters’ pamphlet and  
4 printed on, or included with, the ballot.

5       “SECTION 4. (1) Notwithstanding ORS 250.125, 250.127 and 250.131, the estimate of fi-  
6 nancial impact for Senate Joint Resolution 3 (2007) to be printed in the voters’ pamphlet and  
7 printed on, or included with, the ballot shall be:

8       “ \_\_\_\_\_

9  
10  
11                                   **FINANCIAL IMPACT STATEMENT**  
12

13 **Ballot Measure 49 will have a financial impact on state government in those years when**  
14 **corporate income tax collections exceed the state’s official estimate by two percent or more.**  
15 **This calculation is done every two years. The state’s December 2006 official projection indi-**  
16 **cates that corporate tax income collections will come in \$275 million more than the estimate.**  
17 **Ballot Measure 49 would redirect this money into a rainy day savings account for the state**  
18 **rather than return it to corporations as a tax credit. Since the two percent kicker became**  
19 **law in 1979, corporations have received \$527 million in tax credits because collections came**  
20 **in two percent above projections. Based on the history of corporate income tax revenue**  
21 **compared to projections, the rainy day fund is expected to receive about \$50 million per year**  
22 **on average if Ballot Measure 49 is approved. However, these deposits will be very uneven. In**  
23 **those years such as this year when corporate income taxes come in well above projections,**  
24 **deposits will be larger. In those years when tax collections fall below projections, no deposit**  
25 **will be made.**

26  
27       “ \_\_\_\_\_

28  
29       “(2) ORS 250.131 does not apply to the financial estimate prepared under this section. The  
30 financial estimate prepared under this section shall be the financial estimate printed in the  
31 voters’ pamphlet and printed on, or included with, the ballot.

32       “SECTION 5. (1) Notwithstanding ORS 251.205, 251.215, 251.225, 251.230 and 251.235, the  
33 explanatory statement to be printed in the voters’ pamphlet for Senate Joint Resolution 3  
34 (2007) shall be:

35       “ \_\_\_\_\_

36  
37  
38                                   **EXPLANATORY STATEMENT**  
39

40 **Ballot Measure 49 would modify the “corporate kicker” provision in the Oregon Constitution**  
41 **to direct certain corporate tax revenues that exceed estimates into a rainy day savings ac-**  
42 **count.**

43  
44 **The Constitution requires the state to estimate revenue from corporate income and excise**  
45 **taxes separately from revenue from all other sources for each two-year state budget period**

1 (also called a biennium). If collections for the biennium from corporate income and excise  
2 taxes exceed estimates by two percent or more, the surplus over 100 percent of the estimate  
3 -- commonly known as the "corporate kicker" -- is returned to corporations. Ballot Measure  
4 49 would change the law by directing corporate kicker funds into a rainy day savings ac-  
5 count.

6  
7 Earlier this year, the Oregon Legislature established the Rainy Day Savings Account to hold  
8 any funds that result from passage of Ballot Measure 49. This account could be used to  
9 prevent cuts in essential services such as education, health care, senior and disability ser-  
10 vices and public safety, which constitute approximately 90 percent of the Oregon General  
11 Fund.

12  
13 The Rainy Day Savings Account can be accessed only if:

- 14  
15 • Revenues for the next biennium are forecast to be at least three percent less than revenues  
16 for the current biennium;
- 17  
18 • Unemployment rises for two or more consecutive quarters;
- 19  
20 • Revenues are forecast to be at least two percent less than expected when the budget was  
21 adopted; or
- 22  
23 • The Governor declares an emergency and three-fifths of the Legislature approves accessing  
24 the account.

25  
26 If one of those conditions is met, the Legislature can access the account, but cannot spend  
27 more than two-thirds of the funds in the account for any one biennium.

28  
29 The Rainy Day Savings Account is capped at 10 percent of General Fund revenues collected  
30 during the prior biennium, and moneys over the cap are transferred to an Education Capital  
31 Construction Account that may be used only for capital construction projects for public ed-  
32 ucation.

33  
34 Ballot Measure 49 would apply to corporate tax revenues received in the biennium beginning  
35 July 1, 2005.

36  
37 “ \_\_\_\_\_

38  
39 “(2) ORS 251.235 does not apply to the explanatory statement prepared under this section.  
40 The explanatory statement prepared under this section shall be printed in the voters’ pam-  
41 phlet.

42 “SECTION 6. (1) Arguments relating to the measure referred to in section 1 of this 2007  
43 Act may be filed with the Secretary of State under ORS 251.245 and 251.255, except that an  
44 argument shall be filed not later than the date set by the Secretary of State by rule.

45 “(2) Notwithstanding ORS 192.410 to 192.505 relating to public records, an argument filed

1 under this section is exempt from public inspection until the fourth business day after the  
2 deadline for filing the argument.

3 **“SECTION 7. (1) The Secretary of State shall cause to be printed in the voters’ pamphlet**  
4 **the number, ballot title and text of the measure referred to in section 1 of this 2007 Act and**  
5 **the financial estimate, explanatory statement and arguments relating to the measure. The**  
6 **Secretary of State shall also cause to be printed in the voters’ pamphlet any other material**  
7 **required by law. Notwithstanding ORS 251.026, the Secretary of State shall include in the**  
8 **voters’ pamphlet the information or statements described in ORS 251.026 that the Secretary**  
9 **of State considers applicable to the election on the measure referred to in section 1 of this**  
10 **2007 Act.**

11 **“(2) Not later than the 10th day before the election, the Secretary of State shall cause**  
12 **the voters’ pamphlet to be mailed to each post-office mailing address in Oregon and may use**  
13 **any additional means of distribution necessary to make the pamphlet available to electors.**

14 **“(3) In preparing the voters’ pamphlet under this section, the Secretary of State is not**  
15 **required to comply with ORS chapter 279B relating to competitive bidding.**

16 **“(4) For purposes of sections 1 to 10 of this 2007 Act, the election referred to in ORS**  
17 **251.295 is the special election held on the date specified in section 2 of this 2007 Act.**

18 **“SECTION 8. (1) Notwithstanding the deadline in ORS 254.085, the Secretary of State**  
19 **shall prepare and deliver to each county clerk by the most expeditious means practicable a**  
20 **certified statement of the measure referred to in section 1 of this 2007 Act. The Secretary**  
21 **of State shall include with the statement the number, financial estimate and full ballot title**  
22 **of the measure, and any other information required by law. The Secretary of State shall keep**  
23 **a copy of the statement.**

24 **“(2) The county clerks shall print on the ballot the number, financial estimate and full**  
25 **ballot title of the measure, along with any other material required by law. In lieu of printing**  
26 **the financial estimate, the summary portion of the ballot title or other material required by**  
27 **law on the ballot, a county clerk may include with the ballot the complete text of the ballot**  
28 **title, the financial estimate and any other material required by law.**

29 **“SECTION 9. (1) The Secretary of State may adopt rules governing the procedures for**  
30 **conducting the election on the measure referred to in section 1 of this 2007 Act as may be**  
31 **necessary to implement sections 1 to 9 of this 2007 Act.**

32 **“(2) Notwithstanding ORS 254.465, the election on the measure referred to in section 1**  
33 **of this 2007 Act shall be conducted by mail in all counties in this state as provided under ORS**  
34 **254.470.**

35 **“SECTION 10. (1) In addition to and not in lieu of any other appropriation or money made**  
36 **available by law or from other sources, there is appropriated to the Secretary of State, for**  
37 **the biennium ending June 30, 2007, out of the General Fund, the amount of \$\_\_\_\_\_ for the**  
38 **payment of direct expenses of this state incurred in submitting, by action of the Legislative**  
39 **Assembly, any measure to the people at a special election held throughout this state on May**  
40 **15, 2007.**

41 **“(2) Any part of the appropriation under subsection (1) of this section that is unexpended**  
42 **and unobligated on January 1, 2008, shall revert to the General Fund.**

43 **“SECTION 11. This 2007 Act being necessary for the immediate preservation of the public**  
44 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**  
45 **on its passage.”.**

