

Senate Bill 638

Sponsored by Senators DECKERT, MORSE, Representatives BUTLER, HUNT (at the request of Oregon Business Association)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes Reserve Fund. Requires transfer of specified amount of General Fund ending balance to Reserve Fund. Establishes conditions for using moneys from Reserve Fund.

Declares emergency, effective July 1, 2007.

A BILL FOR AN ACT

1
2 Relating to a reserve fund; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. As used in sections 1 to 3 of this 2007 Act:**

5 (1) "Ending balance" means the difference between the amount of General Fund revenues
6 collected during a biennium and the amount of General Fund appropriations for the
7 biennium.

8 (2) "General Fund appropriations" means the amount of moneys appropriated from the
9 General Fund for a biennium in the legislatively approved budget for the biennium, minus
10 the amount of any General Fund appropriation balances for that biennium that revert to the
11 General Fund under ORS 293.190.

12 (3) "Legislatively adopted budget" means the budget enacted by the Legislative Assembly
13 during a regular session for the biennium that begins July 1 of the year in which the regular
14 session begins.

15 (4) "Legislatively approved budget" means the legislatively adopted budget as modified
16 by the Emergency Board or by the Legislative Assembly meeting in special session.

17 **SECTION 2. (1) The Reserve Fund is established separate and distinct from the General
18 Fund. Interest and other earnings of the Reserve Fund shall be credited to the Reserve Fund.**

19 (2) As soon as possible after the ending balance for a biennium is determined, an amount
20 equal to two percent of the amount of General Fund appropriations shall be transferred from
21 the ending balance to the Reserve Fund. If the ending balance does not equal or exceed two
22 percent of the amount of General Fund appropriations, the entire ending balance shall be
23 transferred to the Reserve Fund.

24 (3) Notwithstanding subsections (1) and (2) of this section, if the moneys in the Reserve
25 Fund equal 10 percent of the amount of General Fund revenues collected during the prior
26 biennium:

27 (a) Moneys that would otherwise be transferred to the Reserve Fund shall remain in the
28 General Fund; and

29 (b) Interest and other earnings on the Reserve Fund shall be transferred to the General
30 Fund.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 (4)(a) If the legislatively adopted budget includes moneys from the Reserve Fund appro-
2 priated or transferred as authorized by section 3 of this 2007 Act, moneys from the ending
3 balance of the prior biennium need not be transferred to the Reserve Fund.

4 (b) If the legislatively approved budget includes moneys from the Reserve Fund appro-
5 priated or transferred as authorized by section 3 of this 2007 Act that were not included in
6 the legislatively adopted budget, moneys from the ending balance of the biennium for which
7 the budget was approved need not be transferred to the Reserve Fund.

8 **SECTION 3.** The Legislative Assembly may not appropriate or transfer moneys from the
9 Reserve Fund unless:

10 (1) The proposed appropriation or transfer is approved by three-fifths of the members
11 serving in each house of the Legislative Assembly and the Legislative Assembly finds one of
12 the following:

13 (a) That the last quarterly economic and revenue forecast for a biennium indicates that
14 General Fund revenues for the next biennium will be at least three percent less than General
15 Fund appropriations for the current biennium;

16 (b) That there has been a decline for two or more consecutive quarters in the last 12
17 months in seasonally adjusted nonfarm payroll employment; or

18 (c) That a quarterly economic and revenue forecast projects that General Fund revenues
19 in the current biennium will be at least two percent below what the revenues were projected
20 to be in the revenue forecast on which the legislatively adopted budget for the current
21 biennium was based; or

22 (2) The proposed appropriation or transfer is approved by three-fifths of the members
23 serving in each house of the Legislative Assembly and the Governor declares an emergency.

24 **SECTION 4.** The provisions of section 2 of this 2007 Act first apply to the ending balance
25 for the biennium ending on June 30, 2007.

26 **SECTION 5.** This 2007 Act being necessary for the immediate preservation of the public
27 peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect
28 July 1, 2007.

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