

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number:	SB 27
Revenue Area:	State Finance
Economist:	Paul Warner
Date:	3-26-09

Measure Description:

Redirects interest earnings that are not statutorily dedicated to Other Fund accounts to the Rainy Day Fund Account beginning with the 2011-13 biennium. Under current law, these interest earnings go the General Fund. Reduces General Fund ending fund balance contribution (up to 1% of prior biennium General Fund appropriations) to the Rainy Day Fund by amount of interest earnings contribution to the Rainy Day Fund.

Revenue Impact (\$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund (interest earnings)	\$0	\$0	\$0	-\$59	-\$59
General Fund (ending balance contribution to RDF)*	\$0	\$0	\$0	+\$59	+\$59
Rainy Day Fund (interest earnings)	\$0	\$0	\$0	+\$59	+\$59
Rainy Day Fund (ending balance contribution)*	\$0	\$0	\$0	-\$59	-\$59

- Assumes that the General Fund ending balance following the 2009-11 and 2011-13 biennia will exceed 1% of the prior biennium General Fund appropriations.

Impact Explanation:

Interest earnings have historically been very volatile depending on the margin of General Fund forecast error. When revenue exceeds the forecast, interest earnings tend to be above trend, the reverse occurs when revenue comes in below the close of session forecast. The revenue impact estimate is based on the March 2009 forecast of \$59 million in General Fund interest earnings in both the 2011-13 and the 2013-15 biennia.

The General Fund ending balance exceeded 1% of appropriations in the prior biennium in each biennium between 1989-91 and 2005-07.

Creates, Extends, or Expands Tax Expenditure: No