

**76TH OREGON LEGISLATIVE ASSEMBLY 2011 Regular Session  
STAFF MEASURE SUMMARY  
SENATE FINANCE AND REVENUE COMMITTEE**

**MEASURE: SJR 26 A  
CARRIER: Burdick/Morse**

**REVENUE:** Revenue Impact Issued

**FISCAL:** Fiscal Impact Issued

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**Action:** Do Adopt with Amendments and requesting subsequent referral to Rules be rescinded, and be printed Engrossed

**Vote:** 4-0-0

**Yeas:** Hass, Morse, Telfer, Burdick

**Nays:** 0

**Exc.:** 0

**Prepared By:** Paul Warner, Economist

**Meeting Dates:** 2/21, 4/6, 4/18, 5/4

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**WHAT THE BILL DOES:** Amends constitution. Establishes Emergency Reserve Fund. Specifies triggers for accessing fund. Retains interest earnings on balances within fund. Limits withdrawals from fund in any one biennium to 2/3 of the fund's beginning balance. Caps fund at 14% of General Fund revenue in the prior biennium. Specifies that full transferral of revenue to fund takes place as long as fund balance is below 14% cap when calculation is made even if transfer puts balance above cap. Maintains calculation of 2% surplus corporate revenue but redirects revenue to Emergency Reserve Fund including statutorily created subaccounts. Maintains calculation of 2% surplus kicker for non-corporate General Fund revenue. If 2% trigger is exceeded allocates 50% of revenue above forecast to personal income taxpayers and 50% to Emergency Reserve Fund. If Emergency Reserve Fund is at or above 14% cap when kicker calculation is made, allocates entire amount of revenue above forecast to personal income taxpayers. First applies to surplus revenue calculations following 2011-13 biennium. Submits amendment to voters at next general election.

**ISSUES DISCUSSED:**

- Oregon's volatile economy.
- Oregon's volatile revenue system.
- History of kicker refunds and credits.
- Key elements of reserve fund.
- Fiscal lessons of past decade.

**EFFECT OF COMMITTEE AMENDMENTS:** Replaces the bill.

**BACKGROUND:** Oregon's 2% surplus kicker was put into statute in 1979. Voters placed the kicker in the constitution in 2000. The 2007 Legislature established the statutory Oregon Rainy Day Fund using revenue from a one time suspension of the corporate kicker credit.

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