

# Senate Joint Resolution 26

Sponsored by Senators MORSE, BURDICK, TELFER, HASS, THOMSEN, Representatives GELSER, READ; Senators NELSON, OLSEN, Representative OLSON

## 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**.

Proposes revision of Oregon Constitution. Directs Legislative Assembly to leave amount unappropriated for biennium if Legislative Assembly determines that percentage increase in available General Fund revenues exceeds increase in rate of population and inflation. Sets amount left unappropriated at percentage difference between increase in revenues available for biennium and population and inflation growth, with three percent maximum. Requires deposit of unappropriated amount in Oregon Rainy Day Fund if General Fund revenues collected equal or exceed revenue estimate for biennium. Requires transfer of lesser of one percent of General Fund appropriations for biennium or ending balance to Oregon Rainy Day Fund.

Establishes Oregon Rainy Day Fund. Sets conditions for appropriation of moneys in fund. Transfers one-half of surplus personal income tax revenues to fund. Returns one-half of surplus personal income tax revenues to personal income taxpayers.

Establishes Oregon Universities Stability Fund. Sets conditions for appropriation of moneys in fund. Transfers surplus corporate income or excise tax revenue to fund.

Refers proposed revision to people for their approval or rejection at next primary election.

## JOINT RESOLUTION

1  
2 **Be It Resolved by the Legislative Assembly of the State of Oregon, two-thirds of all the**  
3 **members of each house concurring:**

4 **PARAGRAPH 1.** The Constitution of the State of Oregon is revised by creating new sections  
5 14a, 15, 16 and 17 to be added to and made a part of Article IX, and by amending section 14, Article  
6 IX, such sections to read:

7 **SECTION 15. (1) If required under subsection (2) of this section, in budgeting for a**  
8 **biennium that begins on July 1 of the year of a regular legislative session held in an odd-**  
9 **numbered year, the Legislative Assembly shall leave unappropriated an amount of General**  
10 **Fund revenues estimated to be available for the biennium. The Legislative Assembly shall**  
11 **use the estimate of General Fund revenues contained in the last quarterly economic and**  
12 **revenue forecast presented prior to the end of the regular legislative session held in an**  
13 **odd-numbered year. For purposes of this section, the quarterly economic and revenue fore-**  
14 **cast is the forecast made for purposes of subsection (6) of section 4, Article XV of this**  
15 **Constitution.**

16 **(2)(a) Subject to paragraph (b) of this subsection, if the Legislative Assembly determines**  
17 **that the growth index is greater than the population and inflation index, the amount to be**  
18 **left unappropriated under subsection (1) of this section will be a percentage of the General**  
19 **Fund revenues estimated to be available for the biennium that is equal to the growth index**  
20 **percentage minus the population and inflation index percentage.**

21 **(b) The amount to be left unappropriated under this section may not exceed three per-**  
22 **cent of the General Fund revenues estimated to be available for the biennium.**

23 **(3) As soon as practicable after the Legislative Assembly determines the ending balance**  
24 **of the General Fund for a biennium, if the amount of General Fund revenues collected during**

**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 the biennium equals or exceeds the amount of the estimate used to determine the amount  
 2 left unappropriated for that biennium under subsection (2) of this section, the amount that  
 3 was left unappropriated under subsection (2) of this section shall be transferred to the  
 4 Oregon Rainy Day Fund established by section 16 of this Article.

5 (4) As soon as possible after the ending balance for a biennium is determined, an amount  
 6 equal to one percent of the amount of General Fund appropriations for that biennium shall  
 7 be transferred to the Oregon Rainy Day Fund established by section 16 of this Article. If the  
 8 ending balance does not equal or exceed one percent of the amount of General Fund appro-  
 9 priations, an amount equal to the ending balance shall be transferred to the Oregon Rainy  
 10 Day Fund.

11 (5) As used in this section:

12 (a) "Ending balance" means the difference between the amount of General Fund revenues  
 13 collected during a biennium and the amount of General Fund appropriations for the  
 14 biennium.

15 (b) "General Fund appropriations" means the amount of moneys appropriated from the  
 16 General Fund for a biennium in the legislatively approved budget for the biennium, minus  
 17 the amount of any General Fund appropriation balances for that biennium that revert to the  
 18 General Fund as provided by law.

19 (c) "General Fund revenues estimated to be available for the biennium" means:

20 (A) The amount of revenues contained in the General Fund at the beginning of the  
 21 biennium; and

22 (B) The amount of General Fund revenues estimated to be collected during the biennium.

23 (d) "Growth index" means the percentage difference between the General Fund revenues  
 24 estimated to be available for the biennium and the General Fund revenues appropriated for  
 25 the preceding biennium.

26 (e) "Legislatively adopted budget" means the budget enacted by the Legislative Assembly  
 27 during an odd-numbered year.

28 (f) "Legislatively approved budget" means the legislatively adopted budget as modified by  
 29 the joint committee referred to in section 3, Article III of this Constitution, or by the Leg-  
 30 islative Assembly meeting in special session.

31 (g) "Population and inflation index" means the sum of:

32 (A) The ratio of the cost of living for the previous calendar year to the cost of living for  
 33 two years prior to the previous calendar year, based on changes in the U.S. City Average  
 34 Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
 35 Labor Statistics of the United States Department of Labor or other consumer price index  
 36 designated by law; and

37 (B) The ratio of the estimated population of this state for the previous calendar year to  
 38 the estimated population of this state for two years prior to the previous calendar year, as  
 39 determined in the manner provided by law.

40 SECTION 16. (1) The Oregon Rainy Day Fund is established as an account in the General  
 41 Fund.

42 (2) The Legislative Assembly may appropriate moneys from the Oregon Rainy Day Fund  
 43 only if the appropriation is approved by three-fifths of the members serving in each house  
 44 of the Legislative Assembly and the Legislative Assembly finds one of the following:

45 (a) That the last quarterly economic and revenue forecast for a biennium indicates that

1 moneys available to the General Fund for the next biennium will be at least three percent  
2 less than appropriations from the General Fund for the current biennium;

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

5 (c) That a quarterly economic and revenue forecast projects that revenues in the General  
6 Fund in the current biennium will be at least two percent below what the revenues were  
7 projected to be in the revenue forecast on which the legislatively adopted budget for the  
8 current biennium was based.

9 (3) Once each month, in the manner provided by law, a state agency designated by law  
10 shall calculate the amount of General Fund interest that is attributable to moneys in the  
11 Oregon Rainy Day Fund. Except as provided in subsection (5) of this section, the amount  
12 calculated under this subsection shall be transferred to the Oregon Rainy Day Fund.

13 (4) The Legislative Assembly may not appropriate for any one biennium more than two-  
14 thirds of the amount that is in the Oregon Rainy Day Fund at the beginning of that  
15 biennium. If the appropriation is for a biennium that has not yet begun, the Legislative As-  
16 sembly may use as the base the most recent estimate of the amount that will be in the  
17 Oregon Rainy Day Fund at the beginning of the biennium for which the appropriation is  
18 made.

19 (5) If the moneys in the Oregon Rainy Day Fund just prior to the time of a transfer  
20 scheduled under subsection (3) of this section or section 14 or 15 of this Article equal at least  
21 12 percent of the amount of General Fund revenues collected during the prior biennium,  
22 moneys that would otherwise be transferred to the Oregon Rainy Day Fund shall be depos-  
23 ited in the General Fund or returned to personal income taxpayers as provided in section 14  
24 (4) of this Article.

25 (6) If the moneys in the Oregon Rainy Day Fund just prior to the time of a transfer  
26 scheduled under subsection (3) of this section or section 14 or 15 of this Article do not equal  
27 at least 12 percent of the amount of General Fund revenues collected during the prior  
28 biennium, the transfer to the Oregon Rainy Day Fund shall be made regardless of whether  
29 that transfer increases the amount in the Oregon Rainy Day Fund to at least 12 percent of  
30 the amount of General Fund revenues collected during the prior biennium.

31 (7) As used in this section, "legislatively adopted budget" means the budget enacted by  
32 the Legislative Assembly during a regular session.

33 SECTION 17. (1) The Oregon Universities Stability Fund is established as an account in  
34 the General Fund. Moneys in the Oregon Universities Stability Fund may be appropriated  
35 only for purposes that will benefit higher education institutions or activities or community  
36 colleges authorized by law to receive state aid.

37 (2) The Legislative Assembly may appropriate moneys from the Oregon Universities  
38 Stability Fund only if the appropriation is approved by three-fifths of the members serving  
39 in each house of the Legislative Assembly and the Legislative Assembly finds one of the fol-  
40 lowing:

41 (a) That the last quarterly economic and revenue forecast for a biennium indicates that  
42 moneys available to the General Fund for the next biennium will be at least three percent  
43 less than appropriations from the General Fund for the current biennium;

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

1 (c) That a quarterly economic and revenue forecast projects that revenues in the General  
2 Fund in the current biennium will be at least two percent below what the revenues were  
3 projected to be in the revenue forecast on which the legislatively adopted budget for the  
4 current biennium was based.

5 (3) Once each month, in the manner provided by law, a state agency designated by law  
6 shall calculate the amount of General Fund interest that is attributable to moneys in the  
7 Oregon Universities Stability Fund. Except as provided in subsection (5) of this section, the  
8 amount calculated under this subsection shall be transferred to the Oregon Universities  
9 Stability Fund.

10 (4) The Legislative Assembly may not appropriate for any one biennium more than two-  
11 thirds of the amount that is in the Oregon Universities Stability Fund at the beginning of  
12 that biennium. If the appropriation is for a biennium that has not yet begun, the Legislative  
13 Assembly may use as the base the most recent estimate of the amount that will be in the  
14 Oregon Universities Stability Fund at the beginning of the biennium for which the appropri-  
15 ation is made.

16 (5) There is created a Universities Capital Improvement and Maintenance Subaccount  
17 within the Oregon Universities Stability Fund. If the moneys in the Oregon Universities  
18 Stability Fund just prior to the time of a transfer scheduled under subsection (3) of this  
19 section or section 14 of this Article equal at least 15 percent of the amount of General Fund  
20 revenues appropriated to the Oregon University System during the prior biennium, moneys  
21 that would otherwise be transferred to the Oregon Universities Stability Fund shall deposited  
22 in the Universities Capital Improvement and Maintenance Subaccount. Moneys in the sub-  
23 account may be appropriated only for the purposes of capital improvements or deferred  
24 maintenance, as defined by law, at Oregon University System facilities. Subsection (2) of this  
25 section does not apply to appropriations of moneys in the subaccount.

26 (6) If the moneys in the Oregon Universities Stability Fund just prior to the time of a  
27 transfer scheduled under subsection (3) of this section or section 14 of this Article do not  
28 equal at least 15 percent of the amount of General Fund revenues appropriated to the Oregon  
29 University System during the prior biennium, the transfer to the Oregon Universities Sta-  
30 bility Fund shall be made regardless of whether that transfer increases the amount in the  
31 Oregon Universities Stability Fund to at least 15 percent of the amount of General Fund re-  
32 venues appropriated to the Oregon University System during the prior biennium.

33 (7) As used in this section, "legislatively adopted budget" means the budget enacted by  
34 the Legislative Assembly during a regular session.

35 **Sec. 14.** (1) As soon as is practicable after adjournment sine die of an odd-numbered year reg-  
36 ular session of the Legislative Assembly, the Governor shall cause an estimate to be prepared of  
37 revenues that will be received by the General Fund for the biennium beginning July 1. The esti-  
38 mated revenues from corporate income and excise taxes shall be separately stated from the esti-  
39 mated revenues from other General Fund sources.

40 (2) As soon as is practicable after the end of the biennium, the Governor shall cause actual  
41 collections of revenues received by the General Fund for that biennium to be determined. The re-  
42 venues received from corporate income and excise taxes shall be determined separately from the  
43 revenues received from other General Fund sources.

44 (3) If the revenues received by the General Fund from corporate income and excise taxes during  
45 the biennium exceed the amount estimated to be received from corporate income and excise taxes

1 for the biennium, by two percent or more, the total amount of the excess shall be [*returned to cor-*  
 2 *porate income and excise taxpayers*] **transferred to the Oregon Universities Stability Fund es-**  
 3 **tablished by section 17 of this Article.**

4 (4) If the revenues received from General Fund revenue sources, exclusive of those described in  
 5 subsection (3) of this section, during the biennium exceed the amount estimated to be received from  
 6 such sources for the biennium, by two percent or more, **one-half of the total amount of the excess**  
 7 **shall be transferred to the Oregon Rainy Day Fund established by section 16 of this Article**  
 8 **and one-half of the total amount of the excess shall be returned to personal income taxpayers. If**  
 9 **a transfer may not be made to the Oregon Rainy Day Fund under subsection (5) of section**  
 10 **16 of this Article, the total amount of the excess shall be returned to personal income tax-**  
 11 **payers.**

12 (5) The Legislative Assembly may enact laws:

13 (a) Establishing a tax credit, refund payment or other mechanism by which the excess revenues  
 14 are returned to taxpayers, and establishing administrative procedures connected therewith.

15 (b) Allowing the excess revenues to be reduced by administrative costs associated with return-  
 16 ing the excess revenues.

17 (c) Permitting a taxpayer's share of the excess revenues not to be returned to the taxpayer if  
 18 the taxpayer's share is less than a de minimis amount identified by the Legislative Assembly.

19 (d) Permitting a taxpayer's share of excess revenues to be offset by any liability of the taxpayer  
 20 for which the state is authorized to undertake collection efforts.

21 (6)(a) Prior to the close of a biennium for which an estimate described in subsection (1) of this  
 22 section has been made, the Legislative Assembly, by a two-thirds majority vote of all members  
 23 elected to each [*House*] **house**, may enact legislation declaring an emergency and increasing the  
 24 amount of the estimate prepared pursuant to subsection (1) of this section.

25 (b) The prohibition against declaring an emergency in an act regulating taxation or exemption  
 26 in section 1a[, *Article IX of this Constitution*] **of this Article**, does not apply to legislation enacted  
 27 pursuant to this subsection.

28 (7) This section does not apply:

29 (a) If, for a biennium or any portion of a biennium, a state tax is not imposed on or measured  
 30 by the income of individuals.

31 (b) To revenues derived from any minimum tax imposed on corporations for the privilege of  
 32 carrying on or doing business in this state that is imposed as a fixed amount and that is nonappor-  
 33 tioned (except for changes of accounting periods).

34 (c) To biennia beginning before July 1, 2001.

35 **SECTION 14a. (1) Sections 15 to 17 of this Article and the amendment to section 14 of**  
 36 **this Article by Senate Joint Resolution 26 (2011) apply to biennia beginning on or after July**  
 37 **1, 2011.**

38 **(2) This section is repealed on June 30, 2015.**

39  
 40 **PARAGRAPH 2. The revision proposed by this resolution shall be submitted to the people**  
 41 **for their approval or rejection at the next primary election.**