

REVENUE IMPACT OF PROPOSED LEGISLATION

Seventy-Sixth Oregon Legislative Assembly
2012 Regular Session

Legislative Revenue Office

Bill Number:	HB 4040 - A
Revenue Area:	State Finance
Economist:	Paul Warner
Date:	2-8-12

Measure Description:

Establishes Oregon Growth Board and Oregon Growth Fund. Abolishes existing Oregon Growth Account and Oregon Growth Account Board effective July 1, 2013. Oregon Growth Fund replaces Oregon Growth Account as a sub-account of the Education Stability Fund. Directs 5% of Education Stability Fund revenue to the Oregon Growth Fund sub-account after July 1, 2013.

The measure also has implications for future revenue and tax policy development by giving the Oregon Growth Board the responsibility of making recommendations to the Legislature on corporate tax expenditures that potentially encourage private investment activity.

Revenue Impact (in \$Millions):

Increases proportion of Education Stability Fund revenue that flows to general account from 90% to 95%. This change will not affect overall revenue flowing to the Education Stability Fund (18% of net Lottery earnings) but will increase the funds flowing to the general Education Stability Fund account by the following amounts:

\$10.7 million in the 2013-15 Biennium

\$11.7 million in the 2015-17 Biennium

\$12.8 million in the 2017-19 Biennium

\$14.1 million in the 2019-21 Biennium

Impact Explanation:

The 2009 Legislature reduced the flow of Education Stability Fund revenue to the Oregon Growth Account from 10% of overall Education Stability Fund revenue to 5% starting with the 2009-11 biennium. However, the allocation was restored to 10% starting with the 2013-15 biennium under the 2009 legislation (SB 496). Under HB 4040, the 5% allocation would be retained after July 1, 2013 and redirected to the newly created Oregon Growth Fund.

Creates, Extends, or Expands Tax Expenditure: Yes No