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# MEMORANDUM

Legislative Fiscal Office  
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**To:** *Education Subcommittee*

**From:** *Tim Walker, Legislative Fiscal Office*  
*(503) 986-1827*

**Date:** June 26, 2013

**Subject:** *HB 2325*  
*Work Session*

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House Bill 2325 directs the Legislature to appropriate amount equal to any future 2% corporate surplus corporate kicker calculation to State School Fund. Specifies that amount appropriated is in addition to amount Legislature would have appropriated to State School Fund in the absence of corporate kicker. Makes technical changes to corporate kicker statute to conform to Measure 85 approved by voters in November 2012.

The measure had a public hearing in this Subcommittee on June 17, 2013.

The Work Session packet, including measure, staff measure summary, and fiscal impact statement are available on the Oregon Legislative Information System (OLIS). The measure has no revenue impact and a fiscal impact.

**Motion #1: Move the HB 2185 to the full committee with a “do pass” recommendation.**

**Chair to assign carriers:**

**Full:** \_\_\_\_\_

**House:** \_\_\_\_\_

**Senate:** \_\_\_\_\_

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2325**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***

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Prepared by: Kim To  
Reviewed by: Ken Rocco, Daron Hill, Steve Bender, Doug Wilson  
Date: 3/12/2013

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**Measure Description:**

Directs Legislative Assembly to appropriate from General Fund to State School Fund amount equal to amount of corporate income and excise tax kicker calculated under Oregon Constitution.

**Government Unit(s) Affected:**

Legislative Assembly, Department of Education, school districts

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

House Bill 2325 makes technical changes to the corporate kicker statute to conform to Measure 85 approved by voters in November 2012. Under previous law, when actual corporate income and excise tax revenue exceeds the close of legislative session estimate by 2% or more, revenue above the forecast was returned to corporate taxpayers through an income tax credit. Measure 85 allocated the corporate revenue in excess of the forecast to the state General Fund for purposes of funding public education, kindergarten through twelfth grade. In addition, House Bill 2325 requires the Legislative Assembly to appropriate the entire amount equal to any future 2% corporate surplus kicker calculation to the State School Fund. The bill specifies that this amount appropriated is in addition to "the total amount of revenues the Legislative Assembly would otherwise appropriate, allocate or make available for the biennium for funding kindergarten through grade 12 public education" in the absence of a corporate kicker.

Measure 85 and this bill may result in more resources in the State School Fund in certain years, but it is not possible to quantify the impact because the size of the corporate kicker cannot be predicted. Also note, under current law, the Legislature has the discretion to determine how the available General Fund revenues may be appropriated. This bill could put constraints on the distribution of General Fund revenues in any given biennium when a corporate kicker exists.

Joint Committee on Ways and Means

Carrier – House: Rep.  
Carrier – Senate: Sen.

Revenue:

Fiscal:

Action:

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Tim Walker, Legislative Fiscal Office

Meeting Date: [Full Committee Meeting Date]

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**WHAT THE MEASURE DOES:** Directs Legislature to appropriate amount equal to any future 2% corporate surplus corporate kicker calculation to State School Fund. Specifies that amount appropriated is in addition to amount Legislature would have appropriated to State School Fund in the absence of corporate kicker. Makes technical changes to corporate kicker statute to conform to Measure 85 approved by voters in November 2012.

**ISSUES DISCUSSED:**

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**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** The 2% corporate kicker was initially approved by the 1979 Legislature. In 2000 voters responding to a legislative referral put the main elements of both the personal and the corporate kicker in the state constitution. Measure 85 modifies the corporate kicker starting with calculations based on the 2013-15 biennium. The 2% surplus revenue calculation based on the difference between actual corporate income tax revenue and the estimate prepared at the end of the regular legislative session will continue under the measure. However, the revenue that results from the calculation will be “retained in the General Fund and used to provide additional funding for public education, kindergarten through twelfth grade”. Under previous law this excess corporate revenue was returned to corporations through an income tax credit.