

February 23rd, 2011

House Committee on General Government and Consumer Protection
900 Court St. NE
Salem, OR 97301

RE: House Bill 2074

We received your request for a clarification of the practical implications of how HB2074 provides for the establishment of certain accounts, and we have prepared this explanation.

HB2074 proposes to change the placement or establishment of three Oregon Military Department funds/accounts from established “separate and distinct from the General Fund” to established “within the General Fund.” Practically speaking, this will move these funds into the state’s General Fund as defined by ORS 293.105.

The General Fund—fund 0401 at Treasury and sometimes referred to as the “Legal” General Fund—is comprised of moneys from a variety of sources as specified by law. Moneys in the General Fund can be broken into two primary categories:

- **Moneys derived from sources that are not otherwise defined or directed towards a specific purpose.** Common sources of these funds would include personal and corporate income taxes. These funds are considered to be “available for general governmental purposes.” These represent the moneys that comprise General Fund appropriations for biennial budget purposes and are often referred to as the Appropriated General Fund. These are also the funds that are forecast under the provisions of ORS 291.348 and 291.349 (the “kicker”).
- **Moneys with a statutorily specified purpose,** such as derived from and dedicated to the support of a specific program. Moneys within the General Fund that are statutorily dedicated or defined towards a specific program would be considered Other Funds, Lottery Funds, or Federal Funds for purposes of biennial budgeting. They are established within the Legal General Fund and earn interest to the General Fund, but are otherwise unavailable for “general governmental purposes.” As such, they are not included under the provisions of ORS 291.348 or ORS 291.349.

HB2074 contemplates movement of the existing Oregon Military Department funds/accounts into the General Fund as defined by ORS 293.105 (fund 0401 at Treasury). However, the language defining the funds continues to identify specific purposes for which the moneys are dedicated. Since HB2074 does not appear to change the nature of the accounts to make them available for “general governmental purposes”, they would have no relevance to the Appropriated General Fund under the provisions of ORS 291.348 and ORS 291.349.

We hope this information is helpful. Please feel free to contact me if there is anything else I can assist you with.

Yours,

Michael Selvaggio
Policy Director
Oregon State Treasury