

Senate Joint Resolution 12

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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**.

Establishes reserve fund intended to provide funding in response to economic decline. Establishes mandated savings rate from excess revenues. Transfers excess corporate income and excise tax revenues to reserve fund. Transfers excess personal income tax revenues to reserve fund if revenues exceed estimated revenues by six percent or less. If personal income tax revenues exceed estimated revenues by more than six percent, transfers that portion of revenues that exceed estimate by six percent to reserve fund and returns that portion of revenues that exceed estimate by more than six percent to personal income taxpayers.

Suspends transfers to reserve fund if amount in fund equals 14 percent or more of legislatively approved budget from General Fund sources in prior biennium. If transfers to fund are suspended, returns excess revenues to corporate income and excise taxpayers and personal income taxpayers.

Specifies conditions for appropriation of moneys from reserve fund.

Refers proposed amendment to people for their approval or rejection at next regular general election.

JOINT RESOLUTION

Be It Resolved by the Legislative Assembly of the State of Oregon:

PARAGRAPH 1. Section 14, Article IX of the Constitution of the State of Oregon, is amended to read:

Sec. 14. (1) There is established a reserve fund intended to provide funding in response to a projected or an actual economic decline.

[(1)] **(2)** As soon as is practicable after adjournment sine die of an odd-numbered year regular session of the Legislative Assembly, the Governor shall cause an estimate to be prepared of revenues that will be received by the General Fund for the biennium beginning July 1. The estimated revenues from corporate income and excise taxes shall be separately stated from the estimated revenues from other General Fund sources.

[(2)] **(3)** As soon as is practicable after the end of the biennium, the Governor shall cause actual collections of revenues received by the General Fund for that biennium to be determined. The revenues received from corporate income and excise taxes shall be determined separately from the revenues received from other General Fund sources.

(4) As soon as is practicable after the end of the biennium, the Legislative Assembly shall transfer to the reserve fund established in subsection (1) of this section an amount equal to the General Fund ending balance for the biennium or one percent of General Fund appropriations for the biennium, whichever is less.

(5) To establish a mandated savings rate from excess revenues and to provide funding for the reserve fund established in subsection (1) of this section, surplus revenue funds shall be transferred to the reserve fund or returned to taxpayers as follows:

(a) Except as provided in subsection (7) of this section, if the revenues received by the General Fund from corporate income and excise taxes during the biennium exceed the

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 amount estimated to be received from corporate income and excise taxes for the biennium
2 by two percent or more, the total amount of the excess shall be transferred to the reserve
3 fund established in subsection (1) of this section.

4 (b) Except as provided in subsection (8) of this section, if the revenues received from
5 General Fund revenue sources, exclusive of those described in paragraph (a) of this sub-
6 section, during the biennium exceed the amount estimated to be received from such sources
7 for the biennium by six percent or less, the total amount of the excess shall be transferred
8 to the reserve fund established in subsection (1) of this section.

9 *[(3) If the revenues received by the General Fund from corporate income and excise taxes during
10 the biennium exceed the amount estimated to be received from corporate income and excise taxes for the
11 biennium, by two percent or more, the total amount of the excess shall be retained in the General Fund
12 and used to provide additional funding for public education, kindergarten through twelfth grade.]*

13 *[(4) If the revenues received from General Fund revenue sources, exclusive of those described in
14 subsection (3) of this section, during the biennium exceed the amount estimated to be received from such
15 sources for the biennium, by two percent or more, the total amount of the excess shall be returned to
16 personal income taxpayers.]*

17 (c) Except as provided in subsection (8) of this section, if the revenues received from
18 General Fund revenue sources, exclusive of those described in paragraph (a) of this sub-
19 section, during the biennium exceed the amount estimated to be received from such sources
20 for the biennium by more than six percent:

21 (A) The amount of the excess up to six percent of the amount estimated to be received
22 from such sources shall be transferred to the reserve fund established in subsection (1) of
23 this section; and

24 (B) The amount of the excess greater than six percent of the amount estimated to be
25 received from such sources shall be returned to personal income taxpayers.

26 (6) During the 12-month period ending each June 30, the Legislative Assembly may not
27 appropriate more than two-thirds of the balance, as of the preceding July 1, of the reserve
28 fund established in subsection (1) of this section. The Legislative Assembly may by law ap-
29 propriate, allocate or transfer the principal of the reserve fund established in subsection (1)
30 of this section only if the proposed appropriation, allocation or transfer is approved by
31 three-fifths of all members elected to each house of the Legislative Assembly and the Leg-
32 islative Assembly finds one of the following:

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

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

38 (c) That a quarterly economic and revenue forecast projects that revenues in the General
39 Fund in the current biennium will be at least two percent less than what the revenues were
40 projected to be in the revenue forecast on which the legislatively adopted budget for the
41 current biennium was based.

42 (7) If the balance in the reserve fund established in subsection (1) of this section equals
43 14 percent or more of the legislatively approved budget from General Fund sources for the
44 prior biennium, and the revenues received by the General Fund from corporate income and
45 excise taxes during the biennium exceed the amount estimated to be received from corporate

1 **income and excise taxes for the biennium by two percent or more, the total amount of the**
 2 **excess shall be returned to corporate income and excise taxpayers.**

3 **(8) If the balance in the reserve fund established in subsection (1) of this section equals**
 4 **14 percent or more of the legislatively approved budget from General Fund sources for the**
 5 **prior biennium, and the revenues received from General Fund revenue sources, exclusive of**
 6 **those described in paragraph (a) of subsection (5) of this section, during the biennium exceed**
 7 **the amount estimated to be received from such sources for the biennium by two percent or**
 8 **more, the total amount of the excess shall be returned to personal income taxpayers.**

9 [(5)] **(9)** The Legislative Assembly may enact laws:

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

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

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

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

18 [(6)(a)] **(10)(a)** Prior to the close of a biennium for which an estimate described in subsection
 19 [(1)] **(2)** of this section has been made, the Legislative Assembly, by a two-thirds majority vote of
 20 all members elected to each [House] **house**, may enact legislation declaring an emergency and in-
 21 creasing the amount of the estimate prepared pursuant to subsection [(1)] **(2)** of this section.

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

25 [(7)] **(11)** This section does not apply:

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

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

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

32 **(12) As used in this section:**

33 (a) **"Legislatively adopted budget"** means the budget enacted by the Legislative Assembly
 34 during an odd-numbered year regular session.

35 (b) **"Legislatively approved budget"** means the legislatively adopted budget as modified
 36 by the joint committee referred to in section 3, Article III of this Constitution, or by the
 37 Legislative Assembly meeting in an even-numbered year regular session or in special session.
 38

39 **PARAGRAPH 2. The amendment proposed by this resolution shall be submitted to the**
 40 **people for their approval or rejection at the next regular general election held throughout**
 41 **this state.**