



STATE OF OREGON
OREGON STATE TREASURY
159 STATE CAPITOL, 900 COURT ST NE
SALEM, OREGON 97301-4043

March 17, 2015

Senate Committee on Veterans and Emergency Preparedness
900 Court St. NE
Salem, OR 97301

RE: Senate Bill 235

Dear Chair Boquist and Committee Members:

The Oregon State Treasury has been asked to help lend clarity to whether SB 235 has any “kicker” implications. SB 235 places two Oregon Military Department funds/accounts “within the General Fund” and not “separate and distinct from the General Fund” as they exist in current law. While it is common for this kind of change to raise questions of “kicker” impact, it is important to keep in mind the exact method by which General Fund moneys are counted in revenue forecasts that may result in a “kicker.” Treasury’s review of SB 235 concludes there is no “kicker” impact as the funds/accounts fall into the second category of General Fund monies.

Monies in the General Fund can be divided 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 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.

The language in SB 235 defining the funds continues to identify specific purposes for which the moneys are dedicated. Since the bill 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.

Treasury Staff is at your disposal if we can be of further assistance in explaining the practical impacts of the changes in the bill.

Best,

A handwritten signature in black ink, appearing to read 'Drew Johnston', with a long horizontal flourish extending to the right.

Drew Johnston
Legislative Director
Oregon State Treasury