

House Joint Resolution 2

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

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**.

Proposes amendment to Oregon Constitution establishing Oregon Rainy Day Fund. Sets conditions for appropriation of moneys in fund.

Transfers excess personal income tax revenues to fund. Suspends transfer to fund if amount in fund equals at least 15 percent of amount of General Fund revenues collected during prior biennium. Returns excess personal income tax revenues to personal income taxpayers if transfer to fund is suspended.

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. The Constitution of the State of Oregon is amended by creating new sections 14a and 16 to be added to and made a part of Article IX, and by amending section 14, Article IX, and section 4, Article X-A, such sections to read:

SECTION 16. (1) The Oregon Rainy Day Fund is established as an account in the General Fund. The Legislative Assembly may establish subaccounts within the Oregon Rainy Day Fund.

(2) The Legislative Assembly may appropriate moneys from the Oregon Rainy Day Fund only if the appropriation is approved by three-fifths of the members serving in each house of the Legislative Assembly and the Legislative Assembly finds one of the following:

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

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

(c) That a quarterly economic and revenue forecast projects that revenues in the General Fund in the current biennium will be at least two percent below what the revenues were projected to be in the revenue forecast on which the legislatively adopted budget for the current biennium was based; or

(d) That the Governor has declared that an emergency exists related to an earthquake, a tsunami or another natural disaster or an act of war.

(3) Once each month, in the manner provided by law, a state agency designated by law shall calculate the amount of General Fund interest that is attributable to moneys in the Oregon Rainy Day Fund. The amount calculated under this subsection shall be transferred to the Oregon Rainy Day Fund. The Legislative Assembly by law may attribute interest on moneys in a subaccount in the Oregon Rainy Day Fund to the subaccount.

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 (4) If the moneys in the Oregon Rainy Day Fund just prior to the time of a transfer to
 2 the Oregon Rainy Day Fund scheduled under subsection (4) of section 14 of this Article equal
 3 at least 15 percent of the amount of General Fund revenues collected during the prior
 4 biennium, moneys that would otherwise be transferred to the Oregon Rainy Day Fund under
 5 subsection (4) of section 14 of this Article shall be returned to personal income taxpayers.

6 (5) If the moneys in the Oregon Rainy Day Fund just prior to the time of a transfer to
 7 the Oregon Rainy Day Fund scheduled under subsection (4) of section 14 of this Article do
 8 not equal at least 15 percent of the amount of General Fund revenues collected during the
 9 prior biennium, the transfer to the Oregon Rainy Day Fund shall be made regardless of
 10 whether that transfer increases the amount in the Oregon Rainy Day Fund to at least 15
 11 percent of the amount of General Fund revenues collected during the prior biennium.

12 (6) As used in this section, "legislatively adopted budget" means the budget enacted by
 13 the Legislative Assembly during an odd-numbered year regular session.

14 **Sec. 14.** (1) As soon as is practicable after adjournment sine die of an odd-numbered year reg-
 15 ular session of the Legislative Assembly, the Governor shall cause an estimate to be prepared of
 16 revenues that will be received by the General Fund for the biennium beginning July 1. The esti-
 17 mated revenues from corporate income and excise taxes shall be separately stated from the esti-
 18 mated revenues from other General Fund sources.

19 (2) As soon as is practicable after the end of the biennium, the Governor shall cause actual
 20 collections of revenues received by the General Fund for that biennium to be determined. The re-
 21 venues received from corporate income and excise taxes shall be determined separately from the
 22 revenues received from other General Fund sources.

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

28 (4) *[If]* **Except as provided in subsection (4) of section 16 of this Article, if** the revenues
 29 received from General Fund revenue sources, exclusive of those described in subsection (3) of this
 30 section, during the biennium exceed the amount estimated to be received from such sources for the
 31 biennium[,] by two percent or more, the total amount of the excess shall be *[returned to personal*
 32 *income taxpayers.] transferred to the Oregon Rainy Day Fund established by section 16 of this*
 33 **Article or to any subaccount in the Oregon Rainy Day Fund.**

34 (5) The Legislative Assembly may enact laws:

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

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

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

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

43 (6)(a) Prior to the close of a biennium for which an estimate described in subsection (1) of this
 44 section has been made, the Legislative Assembly, by a two-thirds majority vote of all members
 45 elected to each *[House]* **house**, may enact legislation declaring an emergency and increasing the

1 amount of the estimate prepared pursuant to subsection (1) of this section.

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

5 (7) This section does not apply:

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

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

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

12 **SECTION 14a. (1) Section 16 of this Article, the amendment to section 14 of this Article**
13 **and the amendment to section 4, Article X-A of this Constitution, by House Joint**
14 **Resolution 2 (2015) apply to biennia beginning on or after July 1, 2015.**

15 **(2) This section is repealed on June 30, 2019.**

16 **Sec. 4.** (1) If the Governor declares that a catastrophic disaster has occurred:

17 (a) The Legislative Assembly may enact laws authorizing the use of revenue described in section
18 3a, Article IX of this Constitution, for purposes other than those described in that section.

19 (b) The Legislative Assembly may, by a vote of the number of members of each house that con-
20 stitutes a quorum under subsection (2) of section 3 of this Article, appropriate moneys that would
21 otherwise be returned to taxpayers under section [14] **16**, Article IX of this Constitution, to state
22 agencies for the purpose of responding to the catastrophic disaster.

23 (c) Notwithstanding section 7, Article XI of this Constitution, the Legislative Assembly may lend
24 the credit of the state or create debts or liabilities in an amount the Legislative Assembly considers
25 necessary to provide an adequate response to the catastrophic disaster.

26 (d) The provisions of section 15, Article XI of this Constitution, do not apply to any law that is
27 approved by three-fifths of the members of each house who are able to attend a session described
28 in subsection (3) of section 3 of this Article.

29 (e) The Legislative Assembly may take action described in subsection (6) of section 15, Article
30 XI of this Constitution, upon approval by three-fifths of the members of each house who are able to
31 attend a session described in subsection (3) of section 3 of this Article.

32 (f) Notwithstanding section 4, Article XV of this Constitution, the Legislative Assembly may
33 allocate proceeds from the State Lottery for any purpose and in any ratio the Legislative Assembly
34 determines necessary to provide an adequate response to the catastrophic disaster.

35 (2) Nothing in this section overrides or otherwise affects the provisions of section 15b, Article
36 V of this Constitution.

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