

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 521

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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Date: February 8, 2023

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### Measure Description:

Aligns statutory language with constitutional language to require that corporate kicker be used to fund kindergarten through grade 12 public education.

### Government Unit(s) Affected:

Department of Education, School Districts, Department of Revenue, Legislative Assembly

### Summary of Fiscal Impact:

The fiscal impact of this measure is indeterminate; however, costs related to the measure may require budgetary action - See analysis.

### Analysis:

Senate Bill 521 amends existing statutory language regarding the use of the corporate kicker to align with the Oregon Constitution. Oregon statute currently requires the corporate kicker to be appropriated for the State School Fund whereas the Constitution requires this revenue to support kindergarten through 12th grade (K-12) public education. The measure amends the statutory language to correspondingly direct the use of this funding for K-12 public education. The measure takes effect on passage and applies to General Fund revenues received from the corporate kicker during the 2021-23 biennium.

Article IX, section 14 of the Oregon Constitution directs the use of surplus tax revenues when there is at least a 2% difference between the final revenue forecast for the biennium and actual revenue at end of the biennium. This requirement is known as the “kicker,” which applies to both personal income tax revenues and corporate income and excise tax revenues. Originally, surplus revenues from these taxes were respectively refunded to individual income taxpayers and businesses and corporations. While the individual income tax kicker continues to be refunded to individual taxpayers, the adoption of Ballot Measure 85 in 2012 amended the Constitution to retain the corporate kicker in the General Fund to provide additional funding for K-12 public education. Changes to state law subsequently specified that the corporate kicker must be appropriated to support the State School Fund for the purpose of implementing the Constitution.

### Department of Education and School Districts

Although the measure aligns statutory provisions with the constitutional requirement directing the use of revenue available from the corporate kicker for K-12 public education, it does not address potential changes to the distribution of this revenue if it were no longer explicitly required to be apportioned through the State School Fund. For this reason, the fiscal impact to the Department of Education and School Districts is indeterminate.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact on the distribution of resources to support K-12 public education expenditures.

### Department of Revenue and Legislative Assembly

The measure is anticipated to have no fiscal impact on the Department of Revenue or Legislative Assembly.