SJR 201 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Sub-Referral To:	Senate Committee On Rules
Meeting Dates:	2/18

WHAT THE MEASURE DOES:

Proposes an amendment to the Oregon Constitution to change how surplus revenue (i.e., the 'kicker') is distributed. If the amount of the surplus is greater than $300 million, half is returned to personal income taxpayers and half is deposited into reserve accounts. Funds in the reserve accounts are used in equal amounts for public education (K-12 and community colleges), and wildfire prevention & suppression. Adjusts the $300 million threshold for inflation at the close of each biennium. Refers the proposed amendment to the people for their approval or rejection at the next regular general election.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Expands the use of reserve accounts for public education to include 'higher education'.

BACKGROUND:

The kicker was approved by the 1979 Legislature as part of an overall fiscal reform package. The package, which included property tax relief, was approved by voters in the spring of 1980. In 2000, voters acting on a legislative referral put a large portion of the 2% surplus kicker statute into the state constitution (Article IX, Section 14). In 2012, voters modified the constitution (Measure 85), redirecting corporate kicker revenue to the General Fund for purposes of funding K-12 education.

The kicker law divides all General Fund revenue into two pots: (1) corporate income taxes and (2) all other revenue (mostly personal income taxes). At the end of each biennium, a calculation is made for each pot. If actual corporate income tax collections are 2% or more above the close of session estimate, then the full difference is dedicated to K-12 education. If the collections in the “all other” pot are more than 2% higher than was forecast at the close of the regular session, then the full difference is distributed to personal income taxpayers as a tax credit.

The estimate upon which the kicker calculation is based can be increased, thereby reducing or eliminating the personal income tax credit, on a one-time basis, if an emergency is declared and approved by a 2/3 vote in each chamber of the Legislative Assembly prior to the end of the biennium upon which the kicker calculation is based.