

House Bill 4125

Sponsored by Representative GAMBA, Senators PHAM K, NERON MISSLIN, Representatives MUNOZ, NOSSE, RIEKE SMITH, Senator GOLDEN; Representatives HUDSON, MARSH, TRAN, WALTERS, WISE, Senators FREDERICK, GORSEK, SOLLMAN (Presession filed.)

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act adds detail for methods of making estimates of how much tax money comes into the General Fund. (Flesch Readability Score: 61.6).

Prescribes methodology for the preparation of revenue estimates used in the budgeting process and as applicable to the surplus revenue refund process. Applies to estimates prepared on or after January 1, 2027.

Requires the Department of Revenue to estimate the difference in surplus revenue calculations using stated methodologies, and transfer an amount equal to the difference for use for various purposes. Establishes the One-Time Emergencies and Finance Fund.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1 Relating to revenue estimates; creating new provisions; amending ORS 291.342 and 291.349; and
2 prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 SECTION 1. ORS 291.342 is amended to read:

5 291.342. (1) By August 15 of each year, but not earlier than 90 days from the end of the regular
6 session of the Legislative Assembly held in that calendar year, the Oregon Department of Adminis-
7 trative Services, with the assistance of the Department of Revenue, shall:

8 (a) Ascertain by computation and estimate the total amount of revenue available for state pur-
9 poses for the current fiscal year; and

10 (b) Apportion the state tax levy on property, if any, among the several counties in the manner
11 provided in ORS 291.445.

12 (2) **The estimate described in subsection (1) of this section shall incorporate data**
13 **projections toward the lower end of a generally accepted range of estimates, derived using**
14 **methodology developed by nationally recognized data vendors and consensus driven models,**
15 **and shall be based on revenue received for the 10 most recent fiscal years.**

16 [(2)] (3) In addition to the requirement in subsection (1) of this section, the Oregon Department
17 of Administrative Services with the assistance of the Department of Revenue shall for each calendar
18 quarter of the year ascertain by computation and estimate the total amount of revenue available for
19 state purposes for the current fiscal year, as well as the amount of revenue received quarterly, cu-
20 mulated throughout the biennium, and report its estimate to the Legislative Revenue Officer and to
21 the Legislative Fiscal Officer.

22 [(3)] (4) In carrying out its duties under subsection [(2)] (3) of this section, the Oregon Depart-
23 ment of Administrative Services shall issue quarterly a statement setting forth the methodology and
24 assumptions used in making the revenue estimate. Nothing in this subsection requires the statement

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 to set forth procedures used or methods used to determine either the methodology or the assumptions.
2

3 **SECTION 2.** ORS 291.349 is amended to read:

4 291.349. (1) As soon as practicable after adjournment sine die of the odd-numbered year regular
5 session of the Legislative Assembly, the Oregon Department of Administrative Services shall report
6 to the Legislative Revenue Officer and the Legislative Fiscal Officer the estimate as of July 1 of the
7 first year of the biennium of General Fund and State Lottery Fund revenues that will be received
8 by the state during that biennium. The Oregon Department of Administrative Services shall base its
9 estimate on the last forecast given to the Legislative Assembly before adjournment sine die of the
10 odd-numbered year regular session on which the printed, adopted budget prepared in the Oregon
11 Department of Administrative Services is based, **using the greatest positive deviation between**
12 **forecasted and actual revenues over the previous five biennia and** adjusted only insofar as
13 necessary to reflect changes in laws adopted at that session. The report shall contain the estimated
14 revenues from corporate income and excise taxes separately from the estimated revenues from other
15 General Fund sources. The Oregon Department of Administrative Services may revise the estimate
16 if necessary following adjournment sine die of a special session or an even-numbered year regular
17 session of the Legislative Assembly, but any revision does not affect the basis of the computation
18 described in subsection (3) or (4) of this section.

19 (2) As soon as practicable after the end of the biennium, the Oregon Department of Adminis-
20 trative Services shall report to the Legislative Revenue Officer and the Legislative Fiscal Officer,
21 or the Legislative Assembly if it is in session, the amount of General Fund revenues collected as
22 of the last June 30 of the preceding biennium. The report shall contain the collections from corpo-
23 rate income and excise taxes separately from collections from other sources.

24 (3) If the revenues received from the corporate income and excise taxes during the biennium
25 exceed the amounts estimated to be received from such taxes for the biennium, as estimated after
26 adjournment sine die of the odd-numbered year regular session, by two percent or more, the total
27 amount of that excess shall be retained in the General Fund and used, in the manner described in
28 ORS 291.345, to provide additional funding for public education, kindergarten through grade 12.

29 (4) If the revenues received from General Fund revenue sources, exclusive of those described in
30 subsection (3) of this section, during the biennium exceed the amounts estimated to be received from
31 such sources for the biennium, as estimated after adjournment sine die of the odd-numbered year
32 regular session, by two percent or more, there shall be credited to personal income taxpayers an
33 amount equal to the total amount of that excess. The excess amount to be credited shall be credited
34 to personal income taxpayers in a percentage amount of prior year personal income tax liability as
35 determined under subsection (5) of this section.

36 (5)(a) If there is an excess to be credited under subsection (4) of this section, on or before No-
37 vember 1, following the end of each biennium, the Oregon Department of Administrative Services
38 shall determine and certify to the Department of Revenue the percentage amounts of credit for
39 purposes of subsection (4) of this section. The percentage amounts determined shall be percentage
40 amounts to the nearest one-tenth of a percent that will distribute the excess to be credited to per-
41 sonal income taxpayers.

42 (b) The percentage amount applicable to subsection (4) of this section shall equal the amount
43 distributed under subsection (4) of this section divided by the estimated total personal income tax
44 liability for all personal income taxpayers for tax years beginning in the calendar year immediately
45 preceding the calendar year in which the excess is determined.

1 (c) The amount of the surplus credit under subsection (4) of this section is determined by
2 multiplying the percentage amount determined under paragraph (b) of this subsection by the total
3 amount of a personal income taxpayer's tax liability for the tax year beginning in the calendar year
4 immediately preceding the calendar year in which the excess is determined in order to calculate the
5 amount to be credited to the taxpayer.

6 (d) The credit shall be determined based on the tax liability as shown on the return of the tax-
7 payer or as corrected by the Department of Revenue.

8 (e) The credit shall be computed after the allowance of a credit provided under ORS 316.082,
9 316.131 or 316.292, but before the allowance of any other credit or offset against tax liability allowed
10 or allowable under any provision of law of this state, and before the application of estimated tax
11 payments, withholding or other advance tax payments.

12 (f) For personal income taxpayers, if a credit applied against tax liability as described in para-
13 graph (e) of this subsection reduces tax liability to zero and an amount of the credit remains unused,
14 the remaining unused amount shall be refunded to the taxpayer. For purposes of ORS chapters 305,
15 314, 315 and 316, refunds issued under this paragraph are refunds of an overpayment of tax imposed
16 under ORS chapter 316.

17 (g) The Department of Revenue may prescribe by rule the manner of calculating and claiming
18 a credit if the filing status of a taxpayer changes between the tax year for which a credit may be
19 claimed and the succeeding tax year.

20 (6) A refund may not be made under this section to a taxpayer if the amount of the refund is
21 less than \$1.

22 (7) Not later than November 15 following the end of the biennium, the Department of Revenue
23 shall provide information and guidance to taxpayers relating to the calculation of the credit. The
24 department may make the information and guidance available electronically or otherwise.

25 (8) The Department of Revenue may adopt rules specifying the manner for issuing refunds under
26 this section to taxpayers who filed returns for the tax year on which the credit is computed but who
27 are not required to file returns for the year in which the credit could be claimed.

28 **SECTION 3.** (1) Not later than November 15 of each odd-numbered year, the Department
29 of Revenue shall estimate, for the biennium ending during the year, a positive amount equal
30 to the difference between the amount as determined under ORS 291.349 (4) to be credited to
31 personal income taxpayers:

32 (a) As determined with data projections derived using methodology consistent with the
33 requirements of ORS 291.349; and

34 (b) As determined with data projections derived using methodology consistent with the
35 requirements of ORS 291.342.

36 (2) Not later than December 15 of each odd-numbered year, the department shall transfer
37 an amount equal to that determined in subsection (1) of this section to the One-Time
38 Emergencies and Finance Fund established in section 5 of this 2026 Act.

39 **SECTION 4.** The amendments to ORS 291.342 and 291.349 by sections 1 and 2 of this 2026
40 Act apply to estimates prepared on or after January 1, 2027.

41 **SECTION 5.** (1) The One-Time Emergencies and Finance Fund is established in the State
42 Treasury, separate and distinct from the General Fund. Interest earned by the One-Time
43 Emergencies and Finance Fund must be credited to the fund. The One-Time Emergencies and
44 Finance Fund consists of moneys deposited in the fund under section 3 of this 2026 Act and
45 may include moneys appropriated, allocated, deposited or transferred to the fund by the

1 **Legislative Assembly or otherwise and interest earned on moneys in the fund. The moneys**
2 **in the fund are to be used solely for the following purposes:**

3 **(a) Reduction of the unfunded actuarial liability of the Public Employees Retirement**
4 **System.**

5 **(b) The costs of capital projects for which the state would otherwise have to issue re-**
6 **venue bonds.**

7 **(c) Payment of debt service.**

8 **(d) Expenses related to emergencies.**

9 **(2) The moneys in the fund are continuously appropriated to the Oregon Department of**
10 **Administrative Services to be distributed for the purposes specified in this section.**

11 **SECTION 6. This 2026 Act takes effect on the 91st day after the date on which the 2026**
12 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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