

# House Joint Resolution 32

Sponsored by 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**.

Establishes reserve fund intended to provide funding in response to economic decline. Establishes mandated savings rate from surplus revenues. Transfers surplus revenue above estimate for biennium to reserve fund, with corporate tax revenue being used first to fund reserve fund. Returns surplus revenue that exceeds certain thresholds to taxpayers.

Refers proposed amendment to people for their approval or rejection at special election held on same date as next primary election.

## JOINT RESOLUTION

**Be It Resolved by the Legislative Assembly of the State of Oregon:**

**PARAGRAPH 1.** Section 14, Article IX of the Constitution of the State of Oregon, is amended to read:

**Sec. 14. (1) There is hereby created a reserve fund intended to provide funding in response to a projected or an actual economic decline.**

*[(1)]* **(2)** As soon as is practicable after adjournment sine die of an odd-numbered year regular session of the Legislative Assembly, the Governor shall cause an estimate to be prepared of revenues that will be received by the General Fund for the biennium beginning July 1. The estimated revenues from corporate income and excise taxes shall be separately stated from the estimated revenues from other General Fund sources.

*[(2)]* **(3)** As soon as is practicable after the end of the biennium, the Governor shall cause actual collections of revenues received by the General Fund for that biennium to be determined. The revenues received from corporate income and excise taxes shall be determined separately from the revenues received from other General Fund sources.

**(4) As soon as is practicable after the end of the biennium, the Legislative Assembly shall transfer to the fund created in subsection (1) of this section an amount equal to the General Fund ending balance for the biennium or one percent of General Fund appropriations for the biennium, whichever is less.**

**(5) To establish a mandated savings rate from excess revenues and to provide funding for the reserve fund created in subsection (1) of this section, surplus revenue funds shall be transferred to the reserve fund or returned to taxpayers as follows:**

**(a) If the revenues received by the General Fund from corporate income and excise taxes during the biennium exceed the amount estimated to be received from corporate income and excise taxes for the biennium, the excess shall be transferred to the reserve fund created in subsection (1) of this section.**

**(b) If the revenues received from General Fund revenue sources, exclusive of those described in paragraph (a) of this subsection, during the biennium exceed the amount estimated to be received from such sources for the biennium, and if the conditions of paragraph (c) of**

**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 **this subsection are met, the excess shall be transferred to the reserve fund created in sub-**  
 2 **section (1) of this section.**

3 **(c) The excess described in paragraph (b) of this subsection shall only be transferred as**  
 4 **described if, following the transfer described in paragraph (a) of this subsection, the balance**  
 5 **in the reserve fund created in subsection (1) of this section equals less than 20 percent of**  
 6 **the legislatively approved budget from General Fund sources for the prior biennium.**

7 **[(3)] (6)(a) If the balance in the reserve fund created in subsection (1) of this section**  
 8 **equals 20 percent or more of the legislatively approved budget from General Fund sources**  
 9 **for the prior biennium, and [If] the revenues received by the General Fund from corporate income**  
 10 **and excise taxes during the biennium exceed the amount estimated to be received from corporate**  
 11 **income and excise taxes for the biennium, [by two percent or more,] the total amount of the excess**  
 12 **shall be returned to corporate income and excise taxpayers.**

13 **[(4)] (b) If the balance in the reserve fund created in subsection (1) of this section equals**  
 14 **20 percent or more of the legislatively approved budget from General Fund sources for the**  
 15 **prior biennium, and [If] the revenues received from General Fund revenue sources, exclusive of**  
 16 **those described in [subsection (3) of this section] paragraph (a) of this subsection, during the**  
 17 **biennium exceed the amount estimated to be received from such sources for the biennium, [by two**  
 18 **percent or more,] the total amount of the excess shall be returned to personal income taxpayers.**

19 **(7) During the 12-month period ending each June 30, the Legislative Assembly may not**  
 20 **appropriate more than two-thirds of the balance, as of the preceding July 1, of the reserve**  
 21 **fund created in subsection (1) of this section. The Legislative Assembly may by law appro-**  
 22 **priate, allocate or transfer the principal of the reserve fund created under subsection (1) of**  
 23 **this section only if the proposed appropriation, allocation or transfer is approved by three-**  
 24 **fifths of the members serving in each house of the Legislative Assembly and the Legislative**  
 25 **Assembly finds one of the following:**

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

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

31 **(c) That a quarterly economic and revenue forecast projects that revenues in the state's**  
 32 **General Fund in the current biennium will be at least two percent less than what the re-**  
 33 **venues were projected to be in the revenue forecast on which the legislatively adopted budget**  
 34 **for the current biennium was based.**

35 **[(5)] (8) The Legislative Assembly may enact laws:**

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

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

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

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

44 **[(6)(a)] (9)(a) Prior to the close of a biennium for which an estimate described in subsection**  
 45 **[(1)] (2) of this section has been made, the Legislative Assembly, by a two-thirds majority vote of**

1 all members elected to each House, may enact legislation declaring an emergency and increasing the  
2 amount of the estimate prepared pursuant to subsection [(1)] (2) of this section.

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

6 [(7)] (10) This section does not apply:

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

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

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

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14 **PARAGRAPH 2. The amendment proposed by this resolution shall be submitted to the**  
15 **people for their approval or rejection at a special election held throughout this state on the**  
16 **same date as the next primary election.**