

Senate Bill 819

Sponsored by COMMITTEE ON FINANCE AND 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**.

Changes method by which surplus "kicker" refunds are made to personal income taxpayers.
Applies to biennia beginning on or after July 1, 2007.

A BILL FOR AN ACT

Relating to surplus refund methods; creating new provisions; amending ORS 291.349 and 305.792; and repealing ORS 291.351 and 291.353.

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

SECTION 1. ORS 291.349 is amended to read:

291.349. (1) As soon as practicable after adjournment sine die of the regular session of the Legislative Assembly, the Oregon Department of Administrative Services shall report to the Emergency Board the estimate as of July 1 of the first year of the biennium of General Fund and State Lottery Fund revenues that will be received by the state during that biennium. The Oregon Department of Administrative Services shall base its estimate on the last forecast given to the Legislative Assembly before adjournment sine die of the regular session on which the printed, adopted budget prepared in the Oregon Department of Administrative Services is based, adjusted only insofar as necessary to reflect changes in laws adopted at that session. The report shall contain the estimated revenues from corporate income and excise taxes separately from the estimated revenues from other General Fund sources. The Oregon Department of Administrative Services may revise the estimate if necessary following adjournment sine die of any special or emergency session of the Legislative Assembly but any revision does not affect the basis of the computation described in subsection (3) or (4) of this section.

(2) As soon as practicable after the end of the biennium, the Oregon Department of Administrative Services shall report to the Emergency Board, or the Legislative Assembly if it is in session, the amount of General Fund revenues collected as of the last June 30 of the preceding biennium. The report shall contain the collections from corporate income and excise taxes separately from collections from other sources.

(3) If the revenues received from the corporate income and excise taxes during the biennium exceed the amounts estimated to be received from such taxes for the biennium, as estimated after adjournment sine die of the regular session, by two percent or more, the total amount of that excess shall be credited to corporate income and excise taxpayers in a percentage amount of corporate excise and income tax liability as determined under subsection (5) of this section. However, no credit shall be allowed against tax liability imposed by ORS 317.090.

(4) If the revenues received from General Fund revenue sources, exclusive of those described in subsection (3) of this section, during the biennium exceed the amounts estimated to be received from

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.

such sources for the biennium, as estimated after adjournment sine die of the regular session, by two percent or more, *[there shall be refunded from personal income tax revenues an amount equal to the total amount of that excess, reduced by the cost certified by the Department of Revenue under ORS 291.351 as being allocable to payments described under this subsection. The excess amount to be refunded shall be paid to personal income taxpayers in a percentage amount of prior year personal income tax liability as determined under subsection (6) of this section.]* **the total amount of that excess shall be credited to personal income taxpayers in a percentage amount of personal income tax liability as determined under subsection (5) of this section.**

(5) If there is an excess to be credited under subsection (3) **or** (4) of this section, **or both**, on or before October 1, following the end of each biennium, the Oregon Department of Administrative Services shall determine and certify to the Department of Revenue the percentage amount of credit for purposes of subsection (3) **or** (4) of this section. The percentage amount determined shall be a percentage amount to the nearest one-tenth of a percent that will distribute the excess to be credited to **either** corporate excise and income taxpayers **or personal income taxpayers** for taxable years beginning in the calendar year during which the excess is determined. The credit shall be computed after the allowance of any other credit or offset against tax liability allowed or allowable under any provision of law of this state, and before the application of estimated tax payments, withholding or other advance tax payments.

[(6)(a) *If there is an excess to be refunded under subsection (4) of this section, on or before September 15, following the end of each biennium, the Oregon Department of Administrative Services shall determine and certify to the Department of Revenue the percentage amount of refund payment for purposes of subsection (4) of this section. The percentage amount so determined shall be a percentage amount to the nearest one-hundredth of a percent that will distribute the excess to be refunded to personal income taxpayers under subsection (4) of this section. The percentage amount shall equal the amount distributed under subsection (4) of this section divided by the estimated total personal income tax liability for all personal income taxpayers for tax years beginning in the calendar year immediately preceding the calendar year in which the excess is determined.*]

[(b) *The Department of Revenue shall multiply the percentage amount determined under paragraph (a) of this subsection by the total amount of a personal income taxpayer's tax liability for the tax year beginning in the calendar year immediately preceding the calendar year in which the excess is determined in order to calculate the amount of the refund to be made to the taxpayer.*]

[(c) *The refund described under this subsection shall be subject to the rules allowing setoff of refunds or sums due debtors of this state under ORS 293.250.*]

[(d) *The refund described under this subsection shall be mailed by the Department of Revenue to personal income taxpayers eligible for the payment on or before December 1 following the end of the biennium for which the payment described under this subsection is being made.*]

[(e) *Notwithstanding paragraph (d) of this subsection, the Department of Revenue shall mail the refund at the earliest date of practicable convenience in the case of a return:*]

[(A) *For a tax year beginning in the calendar year immediately preceding the calendar year in which the excess is determined for which refund is being made; and*]

[(B) *That is first filed on or after August 15 after the end of the biennium.*]

[(7) *No refund shall be made to a taxpayer if, after making the calculation described under subsection (6) of this section, the amount calculated is less than \$1.*]

SECTION 2. ORS 291.351 and 291.353 are repealed.

SECTION 3. Amounts in the Surplus Kicker Cost Account on the effective date of this

1 **2007 Act shall be transferred to the General Fund.**

2 **SECTION 4.** ORS 305.792 is amended to read:

3 305.792. (1) The Department of Revenue shall cause a checkoff box to be printed on the personal
4 income and corporate income or excise tax returns for the appropriate tax year, by which a tax-
5 payer may indicate that a surplus refund *[payment or]* credit that the taxpayer may otherwise be
6 entitled to under ORS 291.349 shall instead be used for funding education.

7 *[(2)(a) A personal income taxpayer may elect to donate a surplus refund payment to be made under*
8 *ORS 291.349 to public elementary and secondary school education. The taxpayer may make the election*
9 *by checking the appropriate checkoff box on the taxpayer's return indicating the taxpayer's intention*
10 *to donate the surplus refund payment to public elementary and secondary education.]*

11 *[(b) Once made, the election is irrevocable for any surplus refund payments received until a sub-*
12 *sequent return is filed for a later tax year, and on which the checkoff box is not checked.]*

13 *[(3)(a)]* **(2)(a) A personal income or** corporate excise or income taxpayer may elect to not claim
14 a surplus refund credit that the taxpayer would otherwise be entitled to pursuant to ORS 291.349,
15 in order to achieve a corresponding transfer of such moneys from the General Fund to the State
16 School Fund for the support of public elementary and secondary school education. The taxpayer may
17 make the election by checking the appropriate checkoff box on the taxpayer's return and by not
18 using the surplus refund credit percentage to reduce the taxpayer's tax liability.

19 (b) A taxpayer that checks the appropriate checkoff box indicating that the credit will not be
20 claimed but that nevertheless claims the credit in determining the taxpayer's tax liability shall be
21 considered to have not made the election under this subsection.

22 (c) The election to not claim a credit under this subsection may not be revoked by filing an
23 amended return.

24 *[(4) After the determination that surplus refund payments are to be made under ORS 291.349 (4)*
25 *and (6), the department shall determine the total amount of such payments for which an election to*
26 *donate to public elementary and secondary education has been made and shall certify this amount to*
27 *the State Treasurer. Following the department's certification to the State Treasurer, an election to*
28 *donate that biennium's surplus refund payments under subsection (2) of this section is irrevocable.]*

29 *[(5)]* **(3)** Following the determination to credit **personal income or** corporate income and excise
30 taxes pursuant to ORS 291.349 *[(3) and (5)]*, the department shall annually certify the total amount
31 of allowable credits that have not been claimed pursuant to an election made under subsection
32 *[(3)]* **(2)** of this section. The certification shall be made on or before December 31 of each year, until
33 the tax year for which the credit would otherwise be claimed becomes a closed tax year.

34 **SECTION 5. For purposes of determining the amount to be certified to the State Treas-**
35 **urer under ORS 305.792, surplus refund payment elections made under ORS 305.792 (2005 or**
36 **earlier edition) shall be considered surplus refund credit elections.**

37 **SECTION 6. The amendments to ORS 291.349 and 305.792 by sections 1 and 4 of this 2007**
38 **Act apply to biennia beginning on or after July 1, 2007.**