

SB 1562 A STAFF MEASURE SUMMARY

Carrier: Sen. Steiner

Senate Committee On Finance and Revenue

Action Date: 02/22/24

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 4-0-1-0

Yeas: 4 - Boquist, Golden, Jama, Meek

Exc: 1 - Findley

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 2/15, 2/22

WHAT THE MEASURE DOES:

Increases the limit for transferring funds from the General Fund to the Rainy Day Fund from 7.5 percent to 12.5 percent of revenue received in the prior biennium. This will allow the state to increase the reserves in Rainy Day Fund as compared to current law.

ISSUES DISCUSSED:

- Factors that affect Oregon's bond rating
- Magnitude of a recession covered by the RDF balance
- Best practices for such reserve fund accounts
- Timing of the next recession
- Balance between savings and current needs

EFFECT OF AMENDMENT:

Removes from the bill, the proposed increase in the maximum biennial, General Fund ending balance contribution to the Rainy Day Fund. This would leave the contribution cap unchanged at one percent of General Fund appropriations.

BACKGROUND:

The Rainy Day Fund was created by the 2007 Legislature, redirecting the 2005-07 Corporate kicker of \$344 million as an initial deposit. The initial source of revenue for the fund was the deposit of the biennial ending balance, up to one percent of General Fund appropriations. The 2009 Legislature added a second funding source. The current structure of this second source is the amount of corporation income/excise taxes attributable to any tax rate above 7.2 percent. Revenue is deposited into the fund as long as the fund balance just prior to the transfer is below 7.5 percent of the General Fund revenue in the prior biennium.