

House Bill 3659

Sponsored by Representative GAMBA

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 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, 2026.

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.

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

A BILL FOR AN ACT

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

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

5 **SECTION 1.** ORS 291.342 is amended to read:

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

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

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

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

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

23 [(3)] (4) In carrying out its duties under subsection [(2)] (3) of this section, the Oregon Depart-
24 ment of Administrative Services shall issue quarterly a statement setting forth the methodology and
25 assumptions used in making the revenue estimate. Nothing in this subsection requires the statement
26 to set forth procedures used or methods used to determine either the methodology or the assump-
27 tions.

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 **SECTION 2.** ORS 291.349, as amended by section 27, chapter 52, Oregon Laws 2024, is amended
2 to read:

3 291.349. (1) As soon as practicable after adjournment sine die of the odd-numbered year regular
4 session of the Legislative Assembly, the Oregon Department of Administrative Services shall report
5 to the Legislative Revenue Officer and the Legislative Fiscal Officer the estimate as of July 1 of the
6 first year of the biennium of General Fund and State Lottery Fund revenues that will be received
7 by the state during that biennium. The Oregon Department of Administrative Services shall base its
8 estimate on the last forecast given to the Legislative Assembly before adjournment sine die of the
9 odd-numbered year regular session on which the printed, adopted budget prepared in the Oregon
10 Department of Administrative Services is based, adjusted only insofar as necessary to reflect
11 changes in laws adopted at that session. **The estimate determined under this section shall in-**
12 **corporate data projections that are generally considered optimistic, derived using methodol-**
13 **ogy developed by nationally recognized data vendors and consensus driven models, and shall**
14 **be based on revenue received for the five most recent biennia.** The report shall contain the
15 estimated revenues from corporate income and excise taxes separately from the estimated revenues
16 from other General Fund sources. The Oregon Department of Administrative Services may revise the
17 estimate if necessary following adjournment sine die of a special session or an even-numbered year
18 regular session of the Legislative Assembly, but any revision does not affect the basis of the com-
19 putation described in subsection (3) or (4) of this section.

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

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

30 (4) If the revenues received from General Fund revenue sources, exclusive of those described in
31 subsection (3) of this section, during the biennium exceed the amounts estimated to be received from
32 such sources for the biennium, as estimated after adjournment sine die of the odd-numbered year
33 regular session, by two percent or more, there shall be credited to personal income taxpayers an
34 amount equal to the total amount of that excess, reduced by the cost certified by the Department
35 of Revenue under ORS 291.351 as being allocable to credits described under this subsection. The
36 excess amount to be credited shall be credited to personal income taxpayers in a percentage amount
37 of prior year personal income tax liability as determined under subsection (5) of this section.

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

44 (b) The percentage amount applicable to subsection (4) of this section shall equal the amount
45 distributed under subsection (4) of this section divided by the estimated total personal income tax

1 liability for all personal income taxpayers for tax years beginning in the calendar year immediately
 2 preceding the calendar year in which the excess is determined.

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

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

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

14 (f) For personal income taxpayers, if a credit applied against tax liability as described in para-
 15 graph (e) of this subsection reduces tax liability to zero and an amount of the credit remains unused,
 16 the remaining unused amount shall be refunded to the taxpayer. For purposes of ORS chapters 305,
 17 314, 315 and 316, refunds issued under this paragraph are refunds of an overpayment of tax imposed
 18 under ORS chapter 316.

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

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

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

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

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

34 (a) **As determined with data projections derived using methodology consistent with the**
 35 **requirements of ORS 291.349; and**

36 (b) **As determined with data projections derived using methodology consistent with the**
 37 **requirements of ORS 291.342.**

38 (2) **Not later than December 15 of each odd-numbered year, the department shall transfer**
 39 **an amount equal to that determined in subsection (1) of this section as follows:**

40 (a) **20 percent to the Water Fund established in ORS 285B.563.**

41 (b) **20 percent to the Oregon Transportation Infrastructure Fund established in ORS**
 42 **367.015.**

43 (c) **20 percent to the School Capital Matching Fund established in ORS 286A.806.**

44 (d) **20 percent to the Oregon Housing Fund established in ORS 458.620.**

45 (e) **20 percent to the Natural and Working Lands Fund established in ORS 468A.187.**

1 **SECTION 4.** The amendments to ORS 291.342 and 291.349 by sections 1 and 2 of this 2025
2 Act apply to estimates prepared on or after January 1, 2026.

3 **SECTION 5.** This 2025 Act takes effect on the 91st day after the date on which the 2025
4 regular session of the Eighty-third Legislative Assembly adjourns sine die.

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