

Senate Bill 1084

Sponsored by Senator ANDERSON

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 makes a new tax on returns from investments of state universities. (Flesch Readability Score: 63.4).

Imposes excise tax on net investment income of public universities. Directs revenues to Fund for Student Success.

Applies to tax years beginning on or after January 1, 2026.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a tax imposed on university endowments; creating new provisions; amending ORS
3 327.001; prescribing an effective date; and providing for revenue raising that requires approval
4 by a three-fifths majority.

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

6 **SECTION 1. (1) As used in sections 1 to 4 of this 2025 Act:**

7 (a) **"Public university" means any university listed in ORS 352.002 or the Oregon Health**
8 **and Science University.**

9 (b) **"Related organization" has the meaning given that term in section 4968 of the Inter-**
10 **nal Revenue Code.**

11 (2)(a) **An excise tax shall be imposed on each public university and related organization**
12 **at the rate of five percent of the net investment income received by the public university**
13 **during the tax year.**

14 (b) **The net investment income of a public university shall be determined as provided in**
15 **section 4940(c) of the Internal Revenue Code.**

16 **SECTION 2. (1) Each public university subject to the tax imposed under section 1 of this**
17 **2025 Act shall:**

18 (a) **No later than the last day of January each year, provide the Department of Revenue**
19 **with an annual statement specifying the net investment income received by the public uni-**
20 **versity during the preceding tax year, and pay to the department the tax imposed under**
21 **section 1 of this 2025 Act.**

22 (b) **Maintain records relating to the assets and net investment income of the public uni-**
23 **versity and any related organization, for examination by the department for the purpose of**
24 **verifying the net investment income of the public university received during the preceding**
25 **tax year.**

26 (2) **The department may collect a penalty for a delinquent payment of the tax imposed**
27 **under section 1 of this 2025 Act if a public university has failed to make full payment before**
28 **the 60th day after the payment is due. All penalties collected under this subsection shall be**

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 deposited into a miscellaneous receipts account and credited to the Fund for Student Success
2 established under ORS 327.001.

3 **SECTION 3.** (1) The Department of Revenue shall deposit all revenue collected from the
4 excise tax imposed under section 1 of this 2025 Act in a suspense account established under
5 ORS 293.445 for the purposes of receiving the tax revenue. The department may pay expenses
6 for the administration and enforcement of the tax out of moneys received from the excise
7 tax. Amounts necessary to pay administrative and enforcement expenses are continuously
8 appropriated to the department from the suspense account.

9 (2) After payment of administrative and enforcement expenses under subsection (1) of
10 this section and refunds or credits arising from erroneous overpayments, the department
11 shall transfer the balance of the moneys received from the excise tax to the Fund for Stu-
12 dent Success established under ORS 327.001.

13 **SECTION 4.** Unless the context requires otherwise, the provisions of ORS chapters 305,
14 314 and 316 governing the audit and examination of reports and returns, confidentiality of
15 reports and returns, determination of deficiencies, assessments, claims for refunds, penal-
16 ties, interest, jeopardy assessments, warrants, conferences and appeals to the Oregon Tax
17 Court, and related procedures, apply to the tax imposed under section 1 of this 2025 Act as
18 if the excise tax on investment income were a tax imposed upon or measured by net income.
19 The provisions apply to the public university liable for the tax and the public university is
20 considered a taxpayer.

21 **SECTION 5.** ORS 327.001, as amended by section 28, chapter 52, Oregon Laws 2024, is amended
22 to read:

23 327.001. (1) The Fund for Student Success is established in the State Treasury, separate and
24 distinct from the General Fund.

25 (2) The Fund for Student Success shall consist of moneys appropriated by the Legislative As-
26 sembly, moneys transferred to the fund under ORS 317A.155 **and under sections 2 and 3 of this**
27 **2025 Act** and moneys received as provided in subsection (3) of this section.

28 (3) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts,
29 grants, donations and other moneys from public and private sources for the Fund for Student Suc-
30 cess. Moneys received as provided in this subsection shall be deposited into the Fund for Student
31 Success.

32 (4) Moneys in the Fund for Student Success are continuously appropriated to the department for:

33 (a) Transfer for each biennium to the State School Fund in the amount calculated by the division
34 of the Oregon Department of Administrative Services that serves as office of economic analysis to
35 be the sum of:

36 (A) At least \$40 million, for the purpose of a transfer under ORS 327.008 (10) to the High Cost
37 Disabilities Account established in ORS 327.348; and

38 (B) The amount of change in General Fund revenue to be collected in the biennium due to the
39 amendments to ORS 316.037 by section 56, chapter 122, Oregon Laws 2019, and the operation of ORS
40 317A.100 to 317A.158.

41 (b) Retention as a reserve for cash flow and revenue shortfall purposes.

42 (c) Of the amount in the Fund for Student Success that is not dedicated for transfer as pre-
43 scribed by paragraph (a) of this subsection or retained under paragraph (b) of this subsection,
44 transfer to other education accounts as follows:

45 (A) At least 50 percent to the Student Investment Account established in ORS 327.175.

1 (B) Up to 30 percent to the Statewide Education Initiatives Account established in ORS 327.250.

2 (C) At least 20 percent to the Early Learning Account established in ORS 327.269.

3 (5) The department shall make the transfers prescribed by subsection (4) of this section on a
4 periodic basis. The transfers must be in amounts that, based on the most recent data available to
5 the department, ensure that the amounts and percentages identified in subsection (4) of this section
6 are satisfied by the end of the biennium.

7 **SECTION 6. (1) Sections 1 to 4 of this 2025 Act apply to tax years beginning on or after**
8 **January 1, 2026.**

9 **(2) The amendments to ORS 327.001 by section 5 of this 2025 Act apply to moneys received**
10 **by the Department of Revenue on or after January 1, 2026.**

11 **SECTION 7. This 2025 Act takes effect on the 91st day after the date on which the 2025**
12 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

13