

Senate Bill 394

Sponsored by Senator GIROD (Pre-session filed.)

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 says that moneys from the CAT tax go to PERS to pay down the UAL, instead of to the Fund for Student Success, for 10 years. (Flesch Readability Score: 78.7).

Provides that, for 10 years, revenues from the corporate activity tax are transferred to the Public Employees Retirement Fund for payment of the unfunded actuarial liability of the Public Employees Retirement System, instead of to the Fund for Student Success.

A BILL FOR AN ACT

1
2 Relating to corporate activity tax revenues; creating new provisions; and amending ORS 317A.155
3 and 327.001.

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

5 **SECTION 1.** ORS 317A.155 is amended to read:

6 317A.155. (1) Except as otherwise provided by law, all moneys received by the Department of
7 Revenue under ORS 317A.100 to 317A.158 shall be deposited in the State Treasury and credited to
8 a suspense account established under ORS 293.445 separate and distinct from the General Fund. The
9 department may pay expenses for the administration, collection and enforcement of the tax imposed
10 under ORS 317A.100 to 317A.158 out of moneys received from the corporate activity tax imposed
11 under ORS 317A.116. Refunds, including refunds of erroneous overpayments or refunds of other
12 moneys received in which the department has no legal interest, shall be paid out of the suspense
13 account.

14 (2) After payment of refunds, the net revenue shall be transferred to the [*Fund for Student*
15 *Success established under ORS 327.001*] **Public Employees Retirement Fund established under**
16 **ORS 238.660, to be applied against the unfunded actuarial liability of the Public Employees**
17 **Retirement System.** A working balance of unreceipted revenue from the tax imposed under ORS
18 317A.100 to 317A.158 may be retained by the department for the payment of refunds, but such
19 working balance may not at the close of any fiscal year exceed the amount of \$500,000.

20 (3) There are continuously appropriated to the department amounts necessary to pay the ad-
21 ministrative expenses of the department in administering, collecting and enforcing the corporate
22 activity tax imposed under ORS 317A.116.

23 **SECTION 2.** ORS 317A.155, as amended by section 1 of this 2025 Act, is amended to read:

24 317A.155. (1) Except as otherwise provided by law, all moneys received by the Department of
25 Revenue under ORS 317A.100 to 317A.158 shall be deposited in the State Treasury and credited to
26 a suspense account established under ORS 293.445 separate and distinct from the General Fund. The
27 department may pay expenses for the administration, collection and enforcement of the tax imposed
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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 moneys received in which the department has no legal interest, shall be paid out of the suspense
2 account.

3 (2) After payment of refunds, the net revenue shall be transferred to the [*Public Employees Re-*
4 *retirement Fund established under ORS 238.660, to be applied against the unfunded actuarial liability*
5 *of the Public Employees Retirement System*] **Fund for Student Success established under ORS**
6 **327.001**. A working balance of unreceipted revenue from the tax imposed under ORS 317A.100 to
7 317A.158 may be retained by the department for the payment of refunds, but such working balance
8 may not at the close of any fiscal year exceed the amount of \$500,000.

9 (3) There are continuously appropriated to the department amounts necessary to pay the ad-
10 ministrative expenses of the department in administering, collecting and enforcing the corporate
11 activity tax imposed under ORS 317A.116.

12 **SECTION 3.** ORS 327.001, as amended by section 28, chapter 52, Oregon Laws 2024, is amended
13 to read:

14 327.001. (1) The Fund for Student Success is established in the State Treasury, separate and
15 distinct from the General Fund.

16 (2) The Fund for Student Success shall consist of moneys appropriated by the Legislative
17 Assembly[, *moneys transferred to the fund under ORS 317A.155*] and moneys received as provided in
18 subsection (3) of this section.

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

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

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

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

29 (B) The amount of change in General Fund revenue to be collected in the biennium due to the
30 amendments to ORS 316.037 by section 56, chapter 122, Oregon Laws 2019, and the operation of ORS
31 317A.100 to 317A.158.

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

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

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

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

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

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

43 **SECTION 4.** ORS 327.001, as amended by section 28, chapter 52, Oregon Laws 2024, and section
44 3 of this 2025 Act, is amended to read:

45 327.001. (1) The Fund for Student Success is established in the State Treasury, separate and

1 distinct from the General Fund.

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

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

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

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11 of the Oregon Department of Administrative Services that serves as office of economic analysis to
12 be the sum of:

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

15 (B) The amount of change in General Fund revenue to be collected in the biennium due to the
16 amendments to ORS 316.037 by section 56, chapter 122, Oregon Laws 2019, and the operation of ORS
17 317A.100 to 317A.158.

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20 scribed by paragraph (a) of this subsection or retained under paragraph (b) of this subsection,
21 transfer to other education accounts as follows:

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

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

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

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

29 **SECTION 5. The amendments to ORS 317A.155 and 327.001 by sections 2 and 4 of this 2025**
30 **Act become operative on January 1, 2036.**

31 **SECTION 6. (1) The amendments to ORS 317A.155 and 327.001 by sections 1 and 3 of this**
32 **2025 Act apply to revenues collected for tax years beginning on or after January 1, 2026, and**
33 **before January 1, 2036.**

34 **(2) The amendments to ORS 317A.155 and 327.001 by sections 2 and 4 of this 2025 Act**
35 **apply to revenues collected for tax years beginning on or after January 1, 2036.**

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