

Legislators reach accord on Rainy Day, corporate kicker

by Bend_Weekly_News_Sources

SALEM—House and Senate leaders reached an agreement today to establish a rainy day fund for Oregon. The agreement was reached during a day-long negotiating session which began shortly after Tuesday's defeat of HB 2707 in the Oregon House.

"This agreement is a tremendous step forward for Oregon. This group came together and took off their partisan hats to solve problems for our state," said House Speaker Jeff Merkley (D-Portland).

"My hope is that continued bipartisan collaboration of this nature will help restore the public's trust in their legislature. This is how representative government should operate."

"House Republicans are pleased to have reached this historic agreement with Democratic leadership," said House Republican Leader Wayne Scott (R-Canby). "This agreement brings stability to our state budgeting, and greater fairness and relief to taxpayers and small businesses."

"The unprecedented agreement reached today between Democrats and Republicans in both chambers is a clear example of what can be accomplished when folks on both sides of the aisle truly listen to one another," said House Majority Leader Dave Hunt (D-Clackamas County). "Today will be remembered as a day that Republicans and Democrats showed the kind of leadership that Oregonians expect of their elected representatives, the kind of leadership that focuses on common ground to find creative solutions to complex problems, the kind of leadership that makes Oregon better for all of us here now and for generations to come. Because of that leadership, our schools will be strong, our elderly and poor cared for, and our communities protected even in the toughest economic times."

In addition to agreements on the Rainy Day Fund and the corporate kicker, House and Senate leaders also worked out a plan to address other tax issues, including the inheritance tax and the corporate minimum tax.

The bills are expected to be considered on the House floor next week.

Part I: Rainy Day and Corporate Kicker:

Size of the Rainy Day Fund:

7.5% of the General Fund (plus Education Stability Fund at 5% for a total of 12.5%).

Corporate Kicker Suspension One-time only for 2005-2007 biennium; revise corporate revenue estimate to \$975 million.

Interest: Interest on the Rainy Day Fund accrues to the Rainy Day Fund.

Small Business Exemption: Tax credit to truly small businesses of \$24.8 million based on gross sales, not on taxable income.

Replenishment Source: Ending balance capped at 1% of General Fund beginning with the 2007-2009 biennium

Single Biennium Extraction Cap: two-thirds of fund balance

Triggers: Disbursement requires meeting economic triggers and a three-fifths vote of each chamber (based on the triggers placed on the Education Stability Fund)

Part II: Corporate Minimum & Inheritance Tax

Corporate Minimum Tax: Republican version equal to \$151 million in new revenue

Inheritance Tax: \$1 million exemption increased to \$2 million

Structure: two bills:

#1: kicker and Rainy Day Fund

#2: corporate minimum & inheritance tax

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