

# House Bill 3460

Sponsored by Representative MINNIS; Representatives ANDERSON, BERGER, BOQUIST, BROWN, BRUUN, BURLEY, BUTLER, CAMERON, DALLUM, DALTO, ESQUIVEL, FARR, FLORES, GARRARD, GILMAN, HANNA, JENSON, KITTS, KRIEGER, KROFF, KRUMMEL, LIM, MORGAN, NELSON, OLSON, RICHARDSON, SCOTT, G SMITH, P SMITH, SUMNER, THATCHER, WHISNANT

## 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**.

Directs Legislative Assembly to appropriate to State School Fund amount equal to 50 percent of projected personal income tax revenues beginning with 2007-2009 biennium. Allows Legislative Assembly to appropriate additional amounts if money is from Education Stability Fund and constitutional requirements for appropriation are met.

Directs Legislative Assembly to distribute amount above eight percent growth to Successful Schools Fund and Kindergarten Through Grade 12 Stabilization Account if revenue from personal income taxes increases more than eight percent over prior biennium.

Establishes Successful Schools Fund. Continuously appropriates moneys in fund to Department of Education for grants to school districts to improve student achievement in low-performing schools and for innovative projects.

Establishes Kindergarten Through Grade 12 Stabilization Account within Education Stability Fund.

Directs Oregon Department of Administrative Services to prepare computations and estimates of revenue received and projected revenue.

Declares emergency, effective July 1, 2005.

## A BILL FOR AN ACT

1  
2 Relating to state finance; creating new provisions; amending ORS 291.342, 348.696 and 348.716; ap-  
3 propriating money; and declaring an emergency.

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

### **SECTION 1. (1) As used in this section:**

5  
6 (a) **"Appropriation" means any appropriation, allocation or transfer of moneys made by**  
7 **law by the Legislative Assembly.**

8 (b) **"Budget forecast" means the report containing computations and estimates of re-**  
9 **venue that is issued under ORS 291.342.**

10 (c) **"Projected personal income tax revenues" means the projected revenue for a**  
11 **biennium reported under ORS 291.342 (2)(d).**

12 (2) **Except as provided in subsection (3) or (4) of this section, the Legislative Assembly**  
13 **shall appropriate to the State School Fund, for the biennium that begins July 1 of the year**  
14 **in which the regular session of the Legislative Assembly begins, a total amount of money**  
15 **that is equal to 50 percent of the projected personal income tax revenues for that biennium.**

16 (3) **The Legislative Assembly may appropriate to the State School Fund an amount that**  
17 **is equal to more than the amount required by subsection (2) of this section if the source of**  
18 **the moneys that are above the limitation imposed by subsection (2) of this section is the**  
19 **Education Stability Fund and the appropriation is made pursuant to section 4 (6), Article XV**  
20 **of the Oregon Constitution.**

21 (4) **If a budget forecast issued in the last quarter of a biennium shows that the projected**  
22 **personal income tax revenues for the next biennium exceed the projected personal income**

**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 tax revenues for the current biennium by eight percent or more, the Legislative Assembly  
2 shall appropriate an amount equal to 50 percent of the amount shown as projected personal  
3 income tax revenues for the next biennium as follows:

4 (a) To the Successful Schools Fund established in section 3 of this 2005 Act, an amount  
5 equal to 50 percent of the amount by which the difference between the projected personal  
6 income tax revenues for the next biennium and the projected personal income tax revenues  
7 for the current biennium exceeds eight percent;

8 (b) To the Kindergarten Through Grade 12 Stabilization Account established in section 6  
9 of this 2005 Act, an amount equal to 50 percent of the amount by which the difference be-  
10 tween the projected personal income tax revenues for the next biennium and the projected  
11 personal income tax revenues for the current biennium exceeds eight percent; and

12 (c) To the State School Fund, an amount that is equal to the remainder required to be  
13 appropriated under this subsection.

14 **SECTION 2.** Section 1 of this 2005 Act applies to appropriations made by the Legislative  
15 Assembly for biennia beginning on or after July 1, 2007.

16 **SECTION 3.** (1) The Successful Schools Fund is established in the State Treasury, sepa-  
17 rate and distinct from the General Fund. Interest earned by the Successful Schools Fund  
18 shall be credited to the fund.

19 (2) Notwithstanding ORS 293.190, any moneys in the fund that are not distributed by the  
20 Department of Education in any biennium shall be retained in the fund and may be distrib-  
21 uted in the next biennium.

22 (3) All moneys in the fund are continuously appropriated to the department for distrib-  
23 ution as grants to school districts as provided in section 4 of this 2005 Act.

24 **SECTION 4.** (1) In addition to those moneys distributed through the State School Fund,  
25 the Department of Education may award grants to school districts to improve student  
26 achievement on the statewide assessments in low-performing schools and to develop or im-  
27 plement innovative programs.

28 (2) A school may qualify as a low-performing school under this section if in the prior  
29 school year the school:

30 (a) Received a grade for student performance of low performance or unacceptable per-  
31 formance under ORS 329.105; or

32 (b) Did not make adequate yearly progress toward the goal of all students meeting rig-  
33 orous state academic standards as required by the federal No Child Left Behind Act of 2001.

34 (3) The department shall offer technical assistance to low-performing schools to deter-  
35 mine the best method of improving student achievement on the statewide assessments. The  
36 department shall make recommendations to the school district in which the school is located  
37 for improving student achievement. A school district may apply to the department for a  
38 grant under this section to implement the recommendations.

39 (4) A school district may apply to the department for a grant under this section to fund  
40 the development or implementation of innovative programs within the school district.

41 (5) The department, when awarding grants to school districts in under this section, shall  
42 equitably divide the grants between school districts in urban areas of the state and school  
43 districts in rural areas of the state.

44 (6) When awarding grants to school districts, the department shall give a priority to  
45 grants for low-performing schools.

1 (7)(a) A school district that receives a grant for a low-performing school under this sec-  
 2 tion does not qualify for a grant for that particular school for the next two fiscal years after  
 3 the fiscal year in which the grant was received.

4 (b) A school district that receives a grant for an innovative program under this section  
 5 does not qualify for a grant for an innovative program for the next two fiscal years after the  
 6 fiscal year in which the grant was received.

7 (8) The State Board of Education may adopt rules to administer this section.

8 (9)(a) Prior to awarding grants each year, the department shall report to the Emergency  
 9 Board the criteria for awarding the grants, which school districts will be receiving grants  
 10 and for what purposes the grants will be used.

11 (b) In addition to the report under paragraph (a) of this subsection, the department shall  
 12 report to the Emergency Board about the progress of the school districts that have already  
 13 received grants under this section.

14 **SECTION 5.** Prior to October 1, 2006, the State Board of Education shall adopt the cri-  
 15 teria to be used to award grants under section 4 of this 2005 Act. Prior to January 1, 2007,  
 16 the board shall report to the Emergency Board on the criteria.

17 **SECTION 6.** (1) There is established within the Education Stability Fund the  
 18 Kindergarten Through Grade 12 Stabilization Account. Separate records shall be maintained  
 19 for moneys in the account.

20 (2) The account shall consist of moneys appropriated to the account by the Legislative  
 21 Assembly under section 1 of this 2005 Act and other moneys appropriated or allocated to the  
 22 account by the Legislative Assembly.

23 (3) Pursuant to section 4 (6), Article XV of the Oregon Constitution, the Legislative As-  
 24 sembly may appropriate, allocate or transfer any portion of the account to the State School  
 25 Fund.

26 **SECTION 7.** ORS 348.696 is amended to read:

27 348.696. (1) Pursuant to section 4 (4)(d), Article XV of the Oregon Constitution, the Education  
 28 Stability Fund is established separate and distinct from the General Fund. Except for earnings on  
 29 moneys in the school capital matching subaccount, moneys in the fund shall be invested as provided  
 30 in ORS 293.701 to 293.790. **Except as provided in subsection (2) of this section,** all declared  
 31 earnings on moneys in the fund shall be transferred and appropriated continuously as follows:

32 [(1)] (a) All declared earnings from the Oregon Growth Account to the Higher Education Tech-  
 33 nology Transfer Fund established in ORS 351.691;

34 [(2)] (b) All declared earnings from the Higher Education Technology Transfer Account to the  
 35 Department of Higher Education;

36 [(3)] (c) 75 percent of all declared earnings not described in [subsection (1) or (2) of this  
 37 section] **paragraph (a) or (b) of this subsection** to the Oregon Education Fund established by ORS  
 38 348.716; and

39 [(4)] (d) 25 percent of all declared earnings not described in [subsection (1) or (2) of this  
 40 section] **paragraph (a) or (b) of this subsection** to the Oregon Student Assistance Commission for  
 41 the Oregon Opportunity Grant program under ORS 348.260.

42 (2) **All declared earnings on moneys in the Kindergarten Through Grade 12 Stabilization**  
 43 **Account shall be retained in the account.**

44 **SECTION 8.** ORS 348.696, as amended by section 28, chapter 922, Oregon Laws 2001, and sec-  
 45 tion 3, chapter 6, Oregon Laws 2002 (third special session), is amended to read:

1 348.696. (1) Pursuant to section 4 (4)(d), Article XV of the Oregon Constitution, the Education  
 2 Stability Fund is established separate and distinct from the General Fund. Except for earnings on  
 3 moneys in the school capital matching subaccount, moneys in the fund shall be invested as provided  
 4 in ORS 293.701 to 293.790. **Except as provided in subsection (2) of this section**, all declared  
 5 earnings on moneys in the fund shall be transferred and appropriated continuously as follows:

6 [(1)] (a) All declared earnings from the Oregon Growth Account to the Higher Education Tech-  
 7 nology Transfer Fund established in ORS 351.691;

8 [(2)] (b) 75 percent of all declared earnings not described in [subsection (1) of this section] **par-**  
 9 **agraph (a) of this subsection** to the Oregon Education Fund established in ORS 348.716; and

10 [(3)] (c) 25 percent of all declared earnings not described in [subsection (1) of this section] **par-**  
 11 **agraph (a) of this subsection** to the Oregon Student Assistance Commission for the Oregon Op-  
 12 portunity Grant program under ORS 348.260.

13 **(2) All declared earnings on moneys in the Kindergarten Through Grade 12 Stabilization**  
 14 **Account shall be retained in the account.**

15 **SECTION 9.** ORS 348.696, as amended by section 7 of this 2005 Act, is amended to read:

16 348.696. (1) Pursuant to section 4 (4)(d), Article XV of the Oregon Constitution, the Education  
 17 Stability Fund is established separate and distinct from the General Fund. Except for earnings on  
 18 moneys in the school capital matching subaccount, moneys in the fund shall be invested as provided  
 19 in ORS 293.701 to 293.790. Except as provided in subsection (2) of this section, all declared earnings  
 20 on moneys in the fund shall be transferred and appropriated continuously as follows:

21 (a) All declared earnings from the Oregon Growth Account to the Higher Education Technology  
 22 Transfer Fund established in ORS 351.691;

23 (b) All declared earnings from the Higher Education Technology Transfer Account to the De-  
 24 partment of Higher Education;

25 (c) 75 percent of all declared earnings not described in paragraph (a) [or (b)] of this subsection  
 26 to the Oregon Education Fund established by ORS 348.716; and

27 (d) 25 percent of all declared earnings not described in paragraph (a) [or (b)] of this subsection  
 28 to the Oregon Student Assistance Commission for the Oregon Opportunity Grant program under  
 29 ORS 348.260.

30 (2) All declared earnings on moneys in the Kindergarten Through Grade 12 Stabilization Ac-  
 31 count shall be retained in the account.

32 **SECTION 10. The amendments to ORS 348.696 by section 9 of this 2005 Act become op-**  
 33 **erative on July 1, 2011.**

34 **SECTION 11.** ORS 291.342 is amended to read:

35 291.342. (1) By August 15 of each year, but not earlier than 90 days from the end of the regular  
 36 session, if any, of the Legislative Assembly held in that calendar year, the Oregon Department of  
 37 Administrative Services, with the assistance of the Department of Revenue, shall:

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

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

42 (2) In addition to the requirement in subsection (1) of this section, the Oregon Department of  
 43 Administrative Services with the assistance of the Department of Revenue shall for each calendar  
 44 quarter of the year ascertain by computation and estimate:

45 (a) The total amount of revenue available for state purposes for the current [fiscal year, as well

1 as] **biennium and the next biennium;**

2 (b) The **actual** amount of revenue received quarterly, cumulated throughout the biennium[,  
3 and];

4 (c) **The actual amount of revenue received quarterly from personal income taxes imposed**  
5 **under ORS chapter 316, cumulated throughout the biennium; and**

6 (d) **The projected total amount of revenue from personal income taxes imposed under**  
7 **ORS chapter 316 available for the current and next biennia.**

8 (3) **The Oregon Department of Administrative Services shall report [its estimate] the com-**  
9 **putations and estimates prepared under subsection (2) of this section** to the Legislative Re-  
10 venue Officer and to the Emergency Board[,] or, if the Legislative Assembly is in session, to the  
11 Joint Committee on Ways and Means.

12 [(3)] (4) In carrying out its duties under subsection (2) of this section, the Oregon Department  
13 of Administrative Services shall issue quarterly a statement setting forth the methodology and as-  
14 sumptions used in making the revenue estimate. Nothing in this subsection requires the statement  
15 to set forth procedures used or methods used to determine either the methodology or the assump-  
16 tions.

17 **SECTION 12.** ORS 348.716 is amended to read:

18 348.716. The Oregon Education Fund is established in the State Treasury, separate and distinct  
19 from the General Fund. Moneys in the Oregon Education Fund are continuously appropriated to  
20 the Oregon Department of Administrative Services for public education and education lottery bond  
21 debt service. Seventy-five percent of the declared earnings of the Education Stability Fund as de-  
22 scribed in ORS 348.696 [(3)] (1)(c) shall be transferred monthly to the Oregon Education Fund as  
23 directed by the Director of the Oregon Department of Administrative Services. Investment earnings  
24 on amounts in the Oregon Education Fund shall be credited to the Oregon Education Fund. The  
25 Legislative Assembly may, but shall be under no legal obligation to, allocate and appropriate  
26 amounts in the Oregon Education Fund to pay education lottery bonds. The Director of the Oregon  
27 Department of Administrative Services may specify when during any fiscal year amounts shall be  
28 transferred from the Oregon Education Fund to be used for public education or education lottery  
29 bonds.

30 **SECTION 13.** ORS 348.716, as amended by section 8a, chapter 6, Oregon Laws 2002 (third spe-  
31 cial session), is amended to read:

32 348.716. The Oregon Education Fund is established in the State Treasury, separate and distinct  
33 from the General Fund. Moneys in the Oregon Education Fund are continuously appropriated to  
34 the Oregon Department of Administrative Services for public education and education lottery bond  
35 debt service. Seventy-five percent of the declared earnings of the Education Stability Fund as de-  
36 scribed in ORS 348.696 [(2)] (1)(b) shall be transferred monthly to the Oregon Education Fund as  
37 directed by the Director of the Oregon Department of Administrative Services. Investment earnings  
38 on amounts in the Oregon Education Fund shall be credited to the Oregon Education Fund. The  
39 Legislative Assembly may, but shall be under no legal obligation to, allocate and appropriate  
40 amounts in the Oregon Education Fund to pay education lottery bonds. The Director of the Oregon  
41 Department of Administrative Services may specify when during any fiscal year amounts shall be  
42 transferred from the Oregon Education Fund to be used for public education or education lottery  
43 bonds.

44 **SECTION 14.** ORS 348.716, as amended by section 12 of this 2005 Act, is amended to read:

45 348.716. The Oregon Education Fund is established in the State Treasury, separate and distinct

1 from the General Fund. Moneys in the Oregon Education Fund are continuously appropriated to  
2 the Oregon Department of Administrative Services for public education and education lottery bond  
3 debt service. Seventy-five percent of the declared earnings of the Education Stability Fund as de-  
4 scribed in ORS 348.696 [(1)(c)] (1)(b) shall be transferred monthly to the Oregon Education Fund as  
5 directed by the Director of the Oregon Department of Administrative Services. Investment earnings  
6 on amounts in the Oregon Education Fund shall be credited to the Oregon Education Fund. The  
7 Legislative Assembly may, but shall be under no legal obligation to, allocate and appropriate  
8 amounts in the Oregon Education Fund to pay education lottery bonds. The Director of the Oregon  
9 Department of Administrative Services may specify when during any fiscal year amounts shall be  
10 transferred from the Oregon Education Fund to be used for public education or education lottery  
11 bonds.

12 **SECTION 15. The amendments to ORS 348.716 by section 14 of this 2005 Act become op-**  
13 **erative on July 1, 2011.**

14 **SECTION 16. This 2005 Act being necessary for the immediate preservation of the public**  
15 **peace, health and safety, an emergency is declared to exist, and this 2005 Act takes effect**  
16 **July 1, 2005.**

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