## 2009 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

2009-2011

2011-2013

MEASURE NUMBER:SB 300STATUS:B-EngrossedSUBJECT:Tobacco Tax RevenuesGOVERNMENT UNIT AFFECTED:Department of Revenue and Public Utility CommissionPREPARED BY:Dawn Farr/John Terpening/Laurie ByerlyREVIEWED BY:Laurie ByerlyDATE:June 18, 2009

## **EXPENDITURES:**

See Comments.

## **REVENUES:**

See Revenue Impact Statement from Legislative Revenue Office

## **EFFECTIVE DATE:** January 1, 2010

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**COMMENTS:** The bill restores statutory language authorizing the Department of Revenue to pay expenses for cigarette tax and other tobacco tax program administration from the taxes collected. Actual spending authority is handled in the agency's budget bill. This measure also grants the agency authority to enter and examine the premises of any person or business that is licensed for or believed to be involved in the sale or distribution of cigarettes or tobacco products. The agency is required to have reasonable cause to seek entry to premises outside regular business hours. Failure to allow entry or examination by the Department results in a civil penalty of \$500 per day for the first seven days no entry or examination is allowed; after that time period the penalty escalates to \$1,000 per day.

The bill allows the Department of Revenue and the Public Utility Commission to exchange information related to telecommunication providers for the administration of the emergency communications tax and the administration of the Residential Service Protection Fund surcharge.

The Department participates in the federal Treasury Offset Program (TOP), which allows state agencies to submit past-due, legally enforceable state income tax obligations to the federal government for offset of the debtor's individual federal income tax refund. TOP charges a \$22 administrative fee for each offset; the agency usually pays about \$200,000 General Fund annually in fees. This measure allows the Department to pass the fee on to taxpayers whose federal refunds are intercepted for payment of past-due income tax debts. The amount of the fee would be added to the taxes, interest, and penalties owed by the taxpayer to the state.