FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 2036 - 3**

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Date:	July 7, 2013

Measure Description:
Modifies Department of Revenue requirements related to the emergency telecommunications tax.

Government Unit(s) Affected:
Department of Revenue, Department of Public Safety Standards and Training, Oregon Military Department, Cities, and Counties

Summary of Expenditure Impact: See Analysis

Summary of Revenue Impact: See Legislative Revenue Office Impact Statement

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.

Analysis:
The measure increases the amount of funding available to the Department of Revenue (DOR) for administrative costs associated with the emergency telecommunications tax from one-half of one percent to three-quarters of one-percent of the amount in the account on date of distribution or actual expenses incurred, whichever is less. The measure assumes that DOR will undertake enforcement and collection activities intended to achieve greater compliance and collection of tax liability with an emphasis on prepaid services and fixed interconnected Voice over Internet Protocol services. DOR is required to report on a quarterly basis to the legislative committee on revenue regarding implementation of the enhanced enforcement and collection efforts. The first report is due on or before February 15, 2014, with subsequent reports to include details on categories of deficient providers relative to the emergency communications tax beginning February 15, 2015. The reporting requirements are repealed at the convening of the 2017 Legislative Assembly.

This measure assumes, in part, the passage of separate legislation to extend the current emergency communications tax that is set to expire on January 1, 2014.

Under current law, DOR expends approximately $400,000 per biennium on its administrative costs associated with the tax.

With this measure, DOR assumes a start-up date for the enforcement program of October 1, 2013. DOR anticipates the need for an additional full-time Tax Auditor 2 position and to increase an existing Public Service Representative 4 position from 0.75 FTE to 1.0 FTE in order to implement the measure. The total additional cost to DOR is $203,194 Other Funds in 2013-15 and $272,002 in 2015-17. This measure would require an adjustment to DOR's 2013-15 budget.

The additional $1.29 million of net revenue estimated by the measures revenue impact statement would flow through the current statutory distribution with the majority of the revenue going to the 35% 9-1-1 Enhanced Subaccount in the Military Department and approximately 60% to local government. How the additional distribution of funds would be used by the Military Department or local governments has not been determined.