

Emergency Communications Tax

The tax was enacted in 1981 to help local governments pay for establishing, operating, or improving a 911 emergency reporting system. Originally, the tax was 3 percent of the monthly rate charged for basic exchange access services. In 1991, that rate was increased to 5 percent. Since October 1, 1995, the rate has been 75 cents per line per month and applies to all forms of wired and wireless telecommunications services. HB 4055 (2014) amended the tax to enhance the administration and enforcement of existing law governing Voice Over Internet Protocol (VOIP) and wireless prepaid phones with access to 911. After an initial transition period for the first part of 2015, fixed line VOIP subscribers now pay 75 cents per line per month, and each retail transaction for a wireless prepaid phone, such as adding minutes, is taxed at a rate of 75 cents per transaction. The tax for subscribers is paid quarterly by the telecommunication utilities and service providers, who collect the tax from phone subscribers on their monthly billings. The tax for prepaid phones is collected by retail sellers. The 911 emergency communications tax has been extended six times since inception and under current law will sunset at the end of 2021.

Emergency communication tax revenue for the 2017–19 and 2019-21 biennia are forecast to be \$91.7 million and \$97.1 million, respectively. Net revenue from the tax is distributed to cities and counties on a per capita basis to be used for their 911 emergency communication systems.

**Source: 2019 – 2021 State of Oregon Tax Expenditure Report

Phones Subject to 911 Tax:

2017 – 2019 Revenue = \$91.7 M
\$91.7 divided by \$18.00 (75¢ / month x 24 months) = 5,094,444 phones

2019 – 2021 Revenue = \$97.1 M
\$97.1 divided by \$18.00 = 5,394,444 phones

Additional 911 Tax (2017 – 2019 forecasted revenues)

25¢ = \$15,283,333 / year \$30,566,664 (2019 – 2021)

50¢ = \$30,566,664 / year \$61,113,328 (2019 – 2021)

75¢ = \$45,849,996 / year \$91,699,992 (2019 – 2021)

**1¢ in the 911 tax generates approximately \$611,333 / year in revenue
Additional 911 Tax (2019 – 2021 forecasted revenues)

25¢ = \$16,183,332 / year \$32,366,664 (2019 – 2021)

50¢ = \$32,366,664 / year \$64,733,328 (2019 – 2021)

75¢ = \$48,549,996 / year \$97,099,992 (2019 – 2021)

**1¢ in the 911 tax generates approximately \$647,333 / year in revenue

Policy Argument

“The current 75¢ per month 911 tax has not been increased since 1995, and thus, is inadequate to meet current program needs”.

Inflation adjustment:

75¢ - July 1, 1995 to July 1, 2018
Adjusted for inflation = approximately \$1.24
(CPI Inflation calculator – Bureau of Labor Statistics)

Percentage growth (1995 – 2018) = 65.3%

Increase in actual 911 revenues:

Oregon Emergency Communications 911 Tax
FY - 94 \$13,959,250
FY - 95 \$16,324,559
FY - 96 \$17,636,571

Percentage growth (2019 – 2021 forecasted revenues)

\$48.5 M from FY – 94 247.4%
\$48.5 M from FY – 95 197.1%
\$48.5 M from FY – 96 174.9%

Oregon Population Growth (1995 – 2018)

1995 3,184 M
2019 4,260 M
Percentage growth 33.79%