

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

| | |
|----------------------|-----------------------------------|
| Bill Number: | SB 25 - 1 |
| Revenue Area: | Business Fees/General Fund |
| Economist: | Mazen Malik |
| Date: | 05-24-2021 |

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Allows Budgeted amount of revenue from business registry filings to be retained by the Secretary of State for the operations of office of Secretary of State.

Revenue Impact (in \$Millions):

| | 2021-23 | 2023-25 | 2025-27 |
|------------------------|---------|----------|----------|
| General Fund Transfers | \$1.54 | (\$0.58) | (\$6.28) |

Impact Explanation:

Under current law, the Secretary of State is given the authority to charge fees for business registry and keep \$20 of that fee to fund its operation. The rest of the revenue form the fees are transferred to the General Fund. The fees are specified in ORS 56.140 and range from \$50 for Assumed Business Name and nonprofits to \$100 for most Oregon for-profit registrations and renewals. All filing fees for foreign for-profit businesses are \$275 annually. In an average biennium there are about 200,000 nonprofit transactions, 550,000 Oregon for-profit filings, and 91,000 foreign for-profit filing transactions. The gross revenue from the business registry comes to about \$88 million in a two-year period. The average amount allowed for the SOS to keep (out of the \$20 retention) is about \$15 million leaving \$73 million to be transferred to the General Fund.

This measure allows for the new funding model to cover expected future costs based on budget allocations and without having to continue raising the \$20 retention limit. The new funding model proposed by this measure is based on deducting budget costs (approved by Ways and Means) and a reasonable reserve (2 to 3 months) before the transfer to the general fund occurs. For future biennia, the costs are expected to grow by the same rate as the budget increase percentages, while revenue growth for business registry is assumed at 2%. According to LFO and the Agency Request Budget, the 21-23 costs (with 2 months reserve) are expected at \$14.6 million. However, the costs incurred by the SOS are expected to be covered in 2021-23 but fall short from the \$20 (per transaction retention) limit in the 2023-25 biennium and beyond.

Creates, Extends, or Expands Tax Expenditure: Yes No