SB 25 A STAFF MEASURE SUMMARY **Carrier:** Rep. Smith G

House Committee On Revenue

Action Date:	06/14/21
Action:	Do Pass the A-Eng bill.
Vote:	7-0-0-0
Yeas:	7 - Levy, Marsh, Nathanson, Pham, Reschke, Smith G, Valderrama
Fiscal:	No fiscal impact
Revenue:	Revenue impact issued
Prepared By:	Mazen Malik, Senior Economist
Meeting Dates:	6/9, 6/14

WHAT THE MEASURE DOES:

Transfers revenue from business registry fees to the General Fund after deducting the budgeted expenses of carrying out the functions and duties of the Secretary of State relating to business registry, and an amount necessary to maintain a reasonable reserve.

ISSUES DISCUSSED:

- The different funding model
- The historical background for the $20 per transaction
- Measure 66 and 67
- Revenue impacts
- Approved budgets through W&M committee
- SOS costs and General Fund transfers

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

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 from the fees is transferred to the General Fund. The fees are specified in ORS 56.140 and range from $50 for Assumed Business Name and non-profits to $100 for most Oregon for-profit registrations and renewals. All filing fees for Foreign for-profit businesses are $275 annually. In biennial numbers, there are about 200,000 non-profit 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 an average biennium. 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. However, the costs incurred by the SOS is expected to fall short from the $20 (per transaction retention) limit in the future. This measure started by allowing the funding set-aside to increase to $25 to cover future expected costs. That will leave about $2 more millions extra allowance after paying for next biennium costs. However, the amended measure takes a different funding approach. The approved funding model 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.