

Background

The Emergency Communications Tax (E911 tax) is imposed on each subscriber of telecommunications service with access to the 9-1-1 system on a per month or, for prepaid wireless service, per retail transaction basis. The tax is collected from the subscriber or consumer by the telecommunications provider or seller of prepaid wireless service and reported and remitted to the Department of Revenue quarterly.

House Bill 3069A

Section 5 of the bill includes an additional tax to be collected with the current E911 tax. The additional tax will fund a 9-8-8 coordinated crisis services system. The additional tax is imposed on each subscriber of telecommunications service and consumer of prepaid wireless telecommunications service at a rate “per line” that does not align with E911 tax imposed at a rate per month or per retail transaction of prepaid wireless service.

The effective date is proposed to be the 91st day after adjournment of the 2021 regular session with the new 9-8-8 tax rate beginning October 1, 2021. Providers and retailers will need to make changes to billing and point-of-sale systems to comply with the requirement to collect the 9-8-8 tax from subscribers and consumers. The E911 tax forms and tax accounting system configuration is in place for the 2021 tax year. While adding a 9-8-8 tax to the E911 tax program is more efficient than creating an entirely new program, configuration changes and testing could delay implementation of the additional tax beyond October 1, 2021.

Section 5 (2) requires the Oregon Health Authority to revise the tax rate on March 1, 2026 and “each odd year thereafter” for the upcoming biennium using the fiscal growth factor. That subsection requires a determination on March 1, 2026 and again on March 1, 2027 for the 2027-29 biennium. “Fiscal growth factor” is not defined in Oregon law or the bill.

Recommendation

- Modify Section 5 (1) to specify the tax is imposed at a rate per month and a rate per retail transaction of prepaid wireless service, to mirror the E911 tax.
- Begin the 9-8-8 tax on January 1, 2022 to provide taxpayers with additional time to make billing and point-of-sale system changes and ensure the department can implement the changes timely.
- Modify Section 5 (2) to require subsequent rate modifications on March 1 of each even year for the upcoming biennium or replace March 1, 2026 with March 1, 2027.
- Include a definition of “fiscal growth factor” in the bill.

Agency Contact

Marjorie Taylor, Legislative Director – marjorie.taylor@oregon.gov (503) 476-7644

Xann Culver, CAT Policy Director – xann-marie.f.culver@oregon.gov (971) 304-5377