



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2025 Regular Session

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Bill Title: Relating to private security services; prescribing an effective date.

Government Unit(s) Affected: Department of Public Safety Standards and Training

Summary of Fiscal Impact

Cost related to this measure may require budgetary action - See analysis.

Summary of Revenue Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
Department of Public Safety Standards and Training	\$ -	\$ -	\$ (359,424)	\$ -	\$ (359,424)
Total Fiscal Impact	\$ -	\$ -	\$ (359,424)	\$ -	\$ (359,424)

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
Department of Public Safety Standards and Training	\$ -	\$ -	\$ (359,424)	\$ -	\$ (359,424)
Total Fiscal Impact	\$ -	\$ -	\$ (359,424)	\$ -	\$ (359,424)

Measure Description

The measure modifies the definition of a private security entity. Currently, a private security entity is defined as a person engaged in the business of providing private security that employs private security providers or contracts with an existing licensed private security entity to provide security services. The measure would modify the definition of a private security entity to apply to a person who recruits, solicits, supplies, or employs private security providers to perform private security services for another person, on the behalf of another employer, or subcontracts with another person for an agreed remuneration or rate of pay.

Fiscal Analysis

The fiscal impact of the measure is estimated to be a decrease of \$359,424 Other Funds revenue in the 2025-27 and 2027-29 biennia.

HB 2527 (2021) required the Department of Public Safety Standards and Training (DPSST) to license businesses that employ private security providers and allowed the department to create a fee-based program which is fully supported by the Other Funds revenue generated by fees. The program became operative on January 1, 2024. Currently, DPSST has one permanent full-time Compliance Specialist 2 position (1.00 FTE in 2025-27 and 2027-29) and one permanent full-time Compliance Specialist 3 position (1.00 FTE in 2025-27 and 2027-29) to administer the licensing program. Originally, DPSST estimated 1,600 potential private security entities licenses. However, since implementation, DPSST has revised their estimate of the number of licenses to approximately 500. DPSST charges \$936 per annual license and the current licensing period began July 1, 2024 and ends June

30, 2025. The renewal process is expected to begin May 1, 2025, and each licensed individual must renew by the end of June 2025.

The measure modifies the definition of a private security entity to no longer apply to individuals who employ, contract, or subcontract private security providers to perform private security services for themselves. This removes the licensing requirement of these individuals by DPSST and thereby reduces the number of licenses the department will issue.

Based on the actual number of licenses, DPSST has identified 272 contract entities and 192 proprietary entities currently licensed under the program. Under the measure, DPSST would no longer be able to license entities who provide private security services for themselves, often referred to as in-house or proprietary private security services. This would reduce the number of licensed entities by 192, resulting in a revenue reduction for DPSST of \$359,424 Other Funds in the 2025-27 and 2027-29 biennium.

Despite a reduced number of licensees, the Department would still require the same level of administration for the program. The estimated costs of the two current positions, including standard position-related services and supplies costs, is \$695,731 Other Funds in the 2025-27 biennium. Based on the remaining 272 contract entities DPSST currently licenses at a rate of \$936 per license, the program revenue would be \$509,184 in the 2025-27 biennium, resulting in a projected shortfall of \$186,547. To adequately fund the program going forward, DPSST will need to consider a fee increase on the remaining fee payers to cover the ongoing costs of administering the program.

Relevant Dates

The measure declares an emergency and takes effect on passage.