

# REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly  
2007 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>HB 2071-A</b>
<b>Revenue Area:</b>	Transportation
<b>Economist:</b>	Mazen Malik
<b>Date:</b>	03/22/2007

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## Measure Description:

Increases service charge that agents of State Marine Board may impose for issuing temporary permit to operate boat. Specifies the charge and its future increases, and allows the Marine Board to increase it in the future using CPI indexing.

## Revenue Impact:

The impact is unclear once the fee becomes changeable by indexing. The level and price at a certain point will start affecting the transaction of permits, and thus start exerting a downward pressure on those permits.

## Impact Explanation:

The bill authorizes the increase of the charge that agents (private entities) can receive for selling temporary permits. Currently that charge is at a \$1, the bill increases it to \$2.50 for 2 years, then to \$3.75 for the period of two years (2011-2013). The fee of course goes to the private entities (boat dealers and sporting goods entities) which operate as agents of the Marine Board. The charge that has been fixed for many years currently does not make a significant revenue source. However, it starts increasing in two increments perhaps reaching cost parity at sometime. After that, the Marine Board will adjust the charge every 3 years using the CPI of urban consumers. It is not clear at what point, this charge starts composing a significant part of the total price, and when the price elasticity of demand start nesting itself into purchasing attitudes and registration behaviors. If that happens the increases might change the dynamics of simple reward (compensation) to a price setter and a damper on the permits and in turn on the regulation function.

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