

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2422 **STATUS:** A Engrossed
SUBJECT: Increases cigarette tax and continuously appropriates moneys from the increase to Oregon Department of Transportation for elderly and disabled transportation services.
GOVERNMENT UNIT AFFECTED: Oregon Department of Transportation, Department of Revenue, Department of Human Services
PREPARED BY: Tim Walker
REVIEWED BY: Susan Jordan, Dallas Weyand, John Britton
DATE: March 28, 2007

	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES:		
Department of Revenue – Other Funds		
Services and Supplies	\$ 100,000	\$ -
Total	100,000	-
Department of Transportation – Other Funds		
Personal Services	\$ 69,750	\$ 93,000
Services and Supplies	\$ 9,200	\$ 7,000
Total	\$ 78,950	\$ 100,000
Grand Total	\$ 178,950	\$ 100,000

REVENUES:
See Comments

POSITIONS / FTE:
Department of Transportation – Administrative Specialist 2 1/.75 1/1.00

EFFECTIVE DATE: 91st day after sine die.

GOVERNOR’S BUDGET: This bill is anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This bill, as amended, adds 1 mill (1 mill = 1/10 of 1 cent) to the cigarette tax, or 2 cents per pack, and changes the allocation of this additional tax. The allocations of this 1 mill is as follows: 84.28% to financing and improving transportation services for elderly and disabled, 0.45 % to cities, 0.45% to counties, 0.45% to the Tobacco Use Reduction Account, 11.44% to the Oregon Health Plan Fund and 2.93% to the General Fund. ODOT anticipates the increased revenue generated by this bill will result in increased workload in terms of application processing, data collection, technical assistance and oversight. ODOT may require an Administrative Specialist I to handle this increased workload. If necessary, ODOT will return to the Legislature for increased position authority. In addition, this bill

requires DOR to collect taxes on distributor's inventory as of the effective date of the bill. This activity would cost \$100,000 in the 2007-09 biennium. Department of Human Services indicates that since this bill does not establish any new programs, any revenue received would be used to offset General Fund expenditures. The revenue effect of this bill will not be known until Legislative Revenue Office releases their revenue impact statement. The Legislative Fiscal Office believes this measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of this bill's budgetary impact.