

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number:	SB 300 B
Revenue Area:	Tobacco Tax
Economist:	Mazen Malik
Date:	6/22/09

Measure Description:

Grant authority to Department of Revenue to examine premises of person or place of business and imposes civil penalties for refusal of access. Appropriates moneys to Department of Revenue (DOR) continuously for administering cigarette and other tobacco tax programs. Sets a 9-1-1 tax enforcement process between DOR and PUC. Allows DOR to use the Treasury Offset Program for collections of delinquent Tax payments.

Revenue Impact:

Positive impact is expected to be slightly above \$400,000 for the typical biennium. However, for the 2009-11 the TOP cost recovery will be in affect for only one year (\$200,000). The enforcement and civil penalties from the tobacco inspection will likely generate a higher level of compliance and retrieval of revenue. The 9-1-1 tax enforcement will experience similar positive minimal impacts.

Impact Explanation:

The Department of Revenue might have the ability to recover lost revenue when inspectors are able to examine storage places where they did not previously have the authority to examine on immediate basis. This will also allow the inspectors to use civil penalties that further act as an enforcement mechanism and might be a slight revenue generator.

The 9-1-1 segment of the bill will also allow for an increased collections of that tax.

The Department (DOR) participates in the federal Treasury Offset Program (TOP), which allows state agencies to recover past due state income tax obligations to the federal government for offset of the debtor's federal income tax refund. TOP charges \$22 fee for each offset used. DOR usually pays the IRS about \$200,000 in fees annually out of the General Fund. This measure allows the Department to pass the fee on to the taxpayers whose federal refunds are intercepted. Thus, the \$22 is added to the past-due income tax debts, and charged to the recovery amount for payment. The amount of the fee would be a part of the taxes, interest, and penalties owed by the taxpayer to the state.

Creates, Extends, or Expands Tax Expenditure: Yes No