

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 2815-C

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Holvey
Carrier – Senate: Sen. Carter**

Action: Do Pass the B-Engrossed Measure as Amended and Be Printed C-Engrossed

Vote: 15 – 6 – 1

- House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Jenson, Kotek, Nathanson, Shields
– Nays: Garrard, Gilman, Richardson, G. Smith
– Exc:
- Senate – Yeas: Bates, Carter, Johnson, Monroe, Verger, Walker, Whitsett
– Nays: Girod, Nelson
– Exc: Winters

Prepared By: Jim Carbone, Department of Administrative Services

Reviewed By: Laurie Byerly, Legislative Fiscal Office

Meeting Date: June 22, 2009

Agency
Emergency Board

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Biennium
2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 0	\$ 0	\$ 750,000	\$ 0	0%

Summary of General Government Subcommittee Action

House Bill 2815 establishes an Interagency Compliance Network to enforce compliance under taxation, employment, and independent contractor laws. In particular, activities under the bill would focus on Oregon’s underground economy where millions of dollars are lost to the state when employees are paid in cash to avoid the payment of taxes and worker’s compensation fees. Legitimate businesses and contractors are also disadvantaged when bidding for jobs against those who do not comply with these laws.

The Network consists of the Department of Justice, the Department of Revenue, the Employment Department, the Department of Consumer and Business Services, the Bureau of Labor and Industries, the Construction Contractors Board, and the State Landscape Contractors Board, with other agencies welcome to join the group under interagency agreement as needed. It is expected that network activities will lead to increased revenues from business filings and greater tax collections, primarily in personal income, corporate excise, unemployment insurance, and workers’ compensation taxes, which accrue to both the General Fund and Other Funds. The revenue impact for 2009-11 is estimated at \$3.8 million General Fund and \$3.8 million Other Funds. These estimates are predicated on agencies formally engaging in ramped-up compliance efforts during the second year of the biennium.

This bill appropriates \$750,000 General Fund to the Emergency Board as a special purpose appropriation. Some, or all, of this appropriation may be allocated to one or more of the state agencies that are members of the Interagency Compliance Network. It is expected that the members of the Network will first complete an interagency agreement and a work plan before reporting back to the Legislature to request a funding allocation. The purpose of the General Fund appropriation is to get the compliance activities up and running. The program would be funded in the future by a portion of the dollars captured through increased compliance.

Budget Note

Prior to the allocation of any funding from the special purpose appropriation, the Interagency Compliance Network is expected to complete the intergovernmental agreement called for in section 1(3) of House Bill 2815 and develop a plan for program implementation. The plan should include the specific action steps for each network agency, expected outcomes, and a proposal for how available funds should be allocated to best support program start-up. The Network will report to the Legislature on the agreement and plan no later than July 1, 2010. Depending on timing and interim activities, the report could be received by the Joint Committee on Ways and Means or the Emergency Board.