

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3082 **STATUS:** A Engrossed
SUBJECT: Tax compliance of licensees
GOVERNMENT UNIT AFFECTED: Department of Revenue and State Licensing Boards
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REVIEWED BY: Laurie Byerly
DATE: April 23, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES: See Comments.		

EFFECTIVE DATE: 91st day after sine die.

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: The bill directs the Department of Revenue (DOR) to develop and implement a pilot project that requires, as a condition of issuance or renewal of a state issued occupational license, licensees to demonstrate compliance with certain tax provisions; authorizes participating boards to suspend, revoke, or refuse to issue a license to applicants that fail to demonstrate or maintain tax compliance; limits pilot to three state agencies; directs DOR to report to the 76th Legislative Assembly no later than January 31, 2011 on pilot program effectiveness; and repeals the pilot on January 2, 2016.

DOR indicates that the additional work required under the bill can be accomplished with existing resources. The Department already performs tax compliance check, so they have a process in place to support the pilot. Assuming that a small, medium and large licensing board volunteers to participate in the pilot, DOR anticipate conducting about 10,000 additional checks, with each check taking, on average, between 5 and 6 minutes. This additional workload combined with the requirement to report on the effectiveness of the pilot are expected cost \$36,626 in General Fund and 0.50 FTE spread among approximately 4 existing positions within the Department during the 2009-11 biennium. Expenditures for the 2011-2013 biennium are indeterminate; however, DOR anticipates addressing potential future expenditures in the report on pilot effectiveness.

The bill does not specify which licensing agencies would participate in the pilot, so the fiscal impact on participating state licensing entities is unknown. Since no specific agency is required to participate, agencies electing to be involved will likely do so under the assumption that any additional expenditures would need to be assumed with existing resources.