

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

MEASURE NUMBER: SB 93 **STATUS:** Original
SUBJECT: Allow the Oregon Judicial Department to enter into an agreement with federal government to intercept federal income tax refunds.
GOVERNMENT UNIT AFFECTED: Oregon Judicial Department, Public Defense Services Commission, Department of Human Services, and local government
PREPARED BY: Tim Walker
REVIEWED BY: John Borden and Doug Wilson
DATE: March 9, 2009

| | <u>2009-2011</u> | <u>2011-2013</u> |
|--|------------------|------------------|
| EXPENDITURES: See Analysis | | |
| REVENUES: See Legislative Revenue Impact Statement | | |
| POSITIONS / FTE: | | |
| Collection Specialists Limited Duration Positions (SR 9) | 7/6.32 | 7/7.00 |

EFFECTIVE DATE: On passage.

GOVERNOR'S BUDGET: This bill is not 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.

ANALYSIS: This measure would allow the Oregon Judicial Department (OJD) to enter into an intergovernmental agreement with the federal government to intercept federal tax refunds to offset debt owed to OJD for past-due crime victim restitution payments, compensatory fines, other fines, costs, and assessments.

The fiscal impact of this measure, as with the Legislative Revenue Impact, is dependant upon the passage of federal legislation and an agreement reached between the state and the federal government. Any revenue generated by this measure would be distributed based upon current statute. The largest beneficiaries of any distribution would be: the Criminal Fines and Assessment Account (36%); the state's General Fund (19%); Counties (12%); the OJD Collections Account (10%); crime victims restitution (8%); and cities (6%). The remaining 9% is distributed to a variety of other entities and the agencies, including the Oregon State Bar, Public Defense Services Commission, Department of Human Services, and the OJD State Court Facilities Security Account.

If this measure was to become law at both the state and federal level, and an agreement was reached, OJD estimates that it would need to hire four limited duration Collections Specialists to update any balance changes to individual collection accounts and three limited duration Collections Specialists to process payments received from the tax refund intercept. The Department's 2009-11 cost, which is based on a

September 1, 2009 start date, is estimated at \$647,632. The 2011-13 biennium cost will increase to \$863,509.

By statute (ORS 1.204), the Judicial Department's administration of the revenue management program is reimbursable on an actual cost basis, which is based on a flat percentage of collected revenue. This percentage must be adjusted periodically to reflect actual program costs. The current administrative percentage is 8%. The Legislative Fiscal Office assumes that any funds above actual expenditures would be re-distributed in accordance with current law.