

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

Bill Number: HB 2815 C
Revenue Area: State Finance
Economist: Chris Allanach
Date: 6-22-09

Measure Description:

Establishes Interagency Compliance Network to enforce compliance with laws relating to taxation and employment among persons paying employees in cash. Allows for information sharing among state agencies participating in the Network. Requires the member agencies of the Network to prepare a report every two years that details how the funds had been spent and provides an estimated revenue impact from the Network's activities. Appropriates \$750,000 to the Emergency Board to be allocated to state agencies participating in the Network.

Revenue Impact (\$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund	\$0	\$3.8	\$3.8	\$13.3	\$15.2
Other Funds	\$0	\$3.8	\$3.8	\$13.3	\$15.2

The increased compliance is expected to result in greater collections primarily in personal income, corporate excise, unemployment insurance, and workers' compensation taxes, which accrue to both the General Fund and Other Funds. According to a Washington State study describing their experience with this type of broad compliance effort, annual collections to the state increased by factor that ranged from 7.6 to 10.2 of the amount of program costs (fiscal years 2004 to 2008). This estimated revenue impact for Oregon uses Washington's five-year average return on investment ratio of roughly 9 and phases in the impact over the next two biennia. The total impact is estimated to accrue equally to the General Fund and Other Funds. The estimates also assume that the continued funding for the program will be derived from revenue collected from the compliance efforts as funds are reinvested into the Network.

Creates, Extends, or Expands Tax Expenditure: No