

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

| | |
|----------------------|----------------|
| Bill Number: | HB 3082 A |
| Revenue Area: | Income Taxes |
| Economist: | Chris Allanach |
| Date: | 4-28-09 |

Measure Description:

Directs the Department of Revenue to implement a pilot project that requires occupational licensees to demonstrate compliance with personal income tax laws, corporate income or excise tax laws, or cigarette or other tobacco tax laws. Any state agency, board, or commission that participates in the pilot project may suspend, revoke or refuse to issue a license if the licensee is out of compliance. Allows the department to disclose to participating agencies whether or not a taxpayer is in compliance. Allows the department to consider the following four factors in determining whether or not a licensee is in compliance: 1) if the licensee has filed income or corporate excise tax returns for any of the three preceding years for which a return was required; 2) if the licensee has filed required cigarette or other tobacco tax reports for any of the three calendar years preceding a year in which a report was required; 3) if, after all appeals, the licensee has failed to pay any tax within 30 days after the date of assessment, has failed to enter into an approved payment plan, or has failed to follow the terms of an approved payment plan; or 4) has been convicted of a criminal offense related to the tax laws listed above. Limits participation in the project to no more than three state agencies, boards, or commissions. Requires the department to report to the Legislature no later than January 31, 2011. Repeals the pilot project on January 2, 2016.

Revenue Impact:

| | Fiscal Year | | Biennium | | |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| | 2009-10 | 2010-11 | 2009-11 | 2011-2013 | 2013-2015 |
| General Fund | Minimal | Minimal | Minimal | Minimal | Minimal |
| Other Funds | Minimal | Minimal | Minimal | Minimal | Minimal |

The minimal impact is a revenue gain of less than \$50,000.

The policy contained here builds upon conclusions from a January 2009 Department of Revenue report on personal income tax compliance in Oregon. That report identified working with licensing boards as a possible way to improve tax compliance within the personal income tax program. This bill expands that concept to include corporate and tobacco taxpayers and focuses the effort by limiting the scope to three licensing agencies, boards, or commissions. Because these three licensing entities are not specifically identified, it's not possible to estimate a precise revenue impact. The project is intended to be a pilot, so a portion of the effort will be to focus on the logistics of the program and determining the appropriate parameters of a possible larger effort. However, given that the intent of the project is to improve tax compliance, there is likely to be a modest positive impact on tax collections.

Creates, Extends, or Expands Tax Expenditure: No