

**76TH OREGON LEGISLATIVE ASSEMBLY  
2012 Regular Session  
STAFF MEASURE SUMMARY  
SENATE FINANCE AND REVENUE COMMITTEE**

**MEASURE: SB 1530-A  
CARRIER:**

**REVENUE: No Revenue Impact  
FISCAL: Fiscal Impact Statement Issued**

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**Action:** Without Recommendation as to Passage, but With Amendments and Referred to Ways and Means by prior Reference – and Printed A Engrossed.

**Vote:** 4-0-0

**Yeas:** Hass, Morse, Telfer, Burdick

**Nays:** 0

**Exc.:** 0

**Prepared By:** Paul Warner, Economist

**Meeting Dates:** 2/6, 2/13, 2/17

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**WHAT THE BILL DOES:** Establishes Department of Revenue Technology Modernization Fund. Authorizes Department of Revenue to enter into contracts for technology in which contractor compensation is determined by revenue that exceeds baseline determined by DOR. Authorizes DOR director to use newly created fund to reimburse the department for project related expenses.

**ISSUES DISCUSSED:**

- Core systems replacement project.
- Comparison between performance contracting and traditional procurement method.
- Track record of FAST—vendor which Department of Revenue is negotiating with.
- Method in which revenue lift from project will be built into revenue forecast.
- Use of Technology Modernization Fund.
- Need for comparison with direct procurement in order to determine if performance based contract is optimal financing method.
- Contents of accompanying letter to Ways and Means Co-Chairs.

**EFFECT OF COMMITTEE AMENDMENTS:**

-2 amendment specifies that Department of Revenue after consultation with the Legislative Revenue Office is to determine a baseline amount of revenue to be used for determining performance contract. Expenditure limitation and emergency clause are removed from original bill.

**BACKGROUND:** The Department of Revenue has been exploring alternatives for developing a new core revenue collection system. Major funding for the system is expected to be determined by the 2013 Legislature. SB 1530 is intended to provide the DOR with the authority to enter into a contract in which the return to the vendor will be determined by the amount that revenue exceeds a pre-determined baseline.

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