

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3317 - 5**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Extends period of applicability of emergency communications tax.

Government Unit(s) Affected:

Department of Revenue, Department of Public Safety Standards and Training, Oregon Military Department, Cities, Counties

Summary of Expenditure Impact: See Analysis**Summary of Revenue Impact:** See Legislative Revenue Office Impact Statement**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:

The measure extends the applicability of the existing emergency communications tax under ORS 403.200 to January 1, 2022. Currently the \$0.75 tax would sunset January 1, 2014. The -5 amendment increases the amount of funding available to the Department of Revenue (DOR) for administrative costs from one-half of one percent to three-quarters of one-percent of the amount in the account on date of distribution or actual expenses incurred, whichever is less. The measure as amended requires DOR to undertake enhanced enforcement and collection activities intended to achieve greater compliance and shall emphasize collection of tax liability for prepaid services and fixed interconnected Voice over Internet Protocol services. DOR is required to report on a quarterly basis to the legislative committee on revenue regarding implementation of the enhanced enforcement and collection efforts. The first report is due on or before February 15th, 2014, with subsequent reports to include details on categories of deficient providers relative to the emergency communications tax beginning February 15th, 2015. The reporting requirements are repealed at the convening of the 2017 Legislative Assembly.

The sunset on the emergency communications tax has reduced the Oregon Military Department's budget by \$68.5 million Other Funds and 9 positions (9.44 FTE). Included in these costs are \$57.7 million in special payments that are distributed to cities and counties. Additional distribution of these funds includes amounts transferred to the Department of Public Safety Standards and Training (DPSST) for training and certification of 9-1-1 telecommunicators and emergency medical dispatchers totaling \$338,017 Other Funds and one position (0.88 FTE). The revenue and expenditure limitation from the extension of the existing \$0.75 emergency communications tax are included as policy packages in these agency budgets .

DOR assumes a start-up date for the enhanced enforcement program of October 1, 2013. DOR anticipates the need for an additional full-time Tax Auditor 2 position and to increase an existing Public Service Representative 4 position from 0.75 FTE to 1.0 FTE in order to implement the measure. The total additional cost to DOR is \$203,194 Other Funds in 2013-15 and \$272,002 in 2015-17. This measure would require an adjustment to DOR's 2013-15 budget.

Uncertainty exists about the amount of additional emergency communications tax revenue that would be collected under current law due to increased enforcement and reporting activities. Estimates, both official and unofficial, range from \$2.2 million to \$14 million per biennium. If additional revenue is received above what has been historically collected from this tax, the revenue would flow through the current statutory distribution with the majority of the revenue going to the 35% 9-1-1 Enhanced Subaccount in the Military Department and approximately 60% to local government. How any additional distribution of funds would be used by the Military Department or local government has not been determined.

The Legislative Fiscal Office believes this measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of this measure's budgetary impact to the Department of Revenue, Department of Public Safety Standards and Training, and the Military Department.