

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2084 - A**

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

Prepared by: Kim To  
Reviewed by: Monica Brown, Susie Jordan  
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**Measure Description:**

Increases rate of gross premium tax paid by insurers on fire insurance policies.

**Government Unit(s) Affected:**

Oregon State Police (OSP), Department of Public Safety Standards and Training (DPSST), Department of Consumer and Business Services (DCBS)

**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:**

House Bill 2084 – A Engrossed raises the Fire Marshal Tax rate from 1% to 1.15% of the gross fire insurance premiums. The increase would apply to gross premium taxes paid on or after January 1, 2014.

Passage of HB 2084 would have an impact on the amount of revenue generated from the Fire Marshal Tax, the Corporate Excise Tax, and the Retaliatory Tax. Both the Excise Tax and the Retaliatory Tax are General Fund revenues. Generally, for every \$1 of increase to the Fire Marshal Tax, the General Fund decreases by \$0.80. A revenue impact statement will be released by the Legislative Revenue Office

Oregon State Police (OSP)

This Fire Marshal Tax rate increase from 1% to 1.15% is assumed in the 2013-15 Governor’s budget to maintain current service levels. Using revenue forecast provided by the Department of Consumer and Business Services, the Oregon State Police anticipates an increase of \$2,084,548 in revenues for the 2013-15 biennium, and \$2,956,213 for the 2015-17 biennium. If this bill does not pass, the Office of the State Fire Marshal would experience a revenue shortfall, and the following reductions have been proposed in the agency’s budget for the 2013-15 biennium:

- (\$500,000) Fund transfer to Department of Public Safety Standards and Training (DPSST) Fire Service Training Section for training and accreditation of officers.
- (\$355,976) Fund transfer to the Arson Investigations Unit for arson investigation and prosecution.
- (\$729,744) Personal Services and related Services and Supplies for 3.5 FTEs in the Office of the State Fire Marshal. Programs affected by this reduction include smoke alarms for foster care homes, community education, and emergency response readiness. In addition, the Office of the State Fire Marshal will no longer be able to pay conflagration fire costs, shifting these costs back to the General Fund.

**(\$1,585,720) Total**

Department of Public Safety Standards and Training (DPSST)

Without the fund transfer from the Oregon State Police, DPSST proposes eliminating one Regional Fire Training Coordinator. Personal Services and related Services and Supplies for this position is estimated at \$337,158 for the 2013-15 biennium.

Department of Consumer and Business Services (DCBS)

Passage of this bill would have no fiscal impact to DCBS. The agency currently collects the Fire Marshal Tax and remits the funds to the Fire Marshal's Office. A change in the Fire Marshal Tax rate would not cause any changes in the agency's work process.