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# MEMORANDUM

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**To:** *Capital Construction Subcommittee*

**From:** *John Borden, Legislative Fiscal Office*  
*(503) 986-1842*

**Date:** July 7, 2013

**Subject:** *HB 3317-A*  
*Work Session*

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House Bill 3317-A relates to the emergency communications tax. An extension of this tax requires approval by a three-fifths majority of each chamber. The measure would take effect on the 91<sup>st</sup> day after the day of which the Legislature adjourns.

The Work Session packet includes: –A33 amendment; preliminary staff measure summary; fiscal impact statement; and draft revenue impact statement. This packet is available on the Oregon Legislative Information System (OLIS).

## Amendment

The –A33 amendment replaces the measure and extends the sunset date for emergency communications tax from January 1, 2014 to January 1, 2022. The amendment deletes an obsolete section of law related to provider tax remittance.

**Motion #1: Move the –A33 amendment to HB 3317.**

## Measure as Modified

The measure, as amended, is recommended to be moved to the full Committee on Joint Ways and Means.

**Motion #2: Move HB 3317 to the full committee with a “do pass” recommendation, as modified.**

Chair to assign carriers:

Full: \_\_\_\_\_  
2<sup>nd</sup> Chamber: \_\_\_\_\_

**PROPOSED AMENDMENTS TO  
A-ENGROSSED HOUSE BILL 3317**

1 On page 1 of the printed A-engrossed bill, line 2, after “taxes;” delete the  
2 rest of the line and insert “amending”.

3 Delete lines 6 through 19.

4 Delete pages 2 through 4 and insert:

5 “**SECTION 1.** Section 4, chapter 5, Oregon Laws 2002 (first special ses-  
6 sion), as amended by section 1, chapter 4, Oregon Laws 2002 (third special  
7 session), and section 1, chapter 629, Oregon Laws 2007, is amended to read:

8 “**Sec. 4.** [(1)] Taxes imposed under ORS [401.792] **403.200** apply to sub-  
9 scriber bills issued on or after January 1, 2002, and before January 1, [2014]  
10 **2022.**

11 “[~~(2)~~] *Taxes imposed under ORS 401.792 on or after January 1, 2002, and*  
12 *before May 13, 2002, are due and payable by the subscriber to the provider on*  
13 *or before 20 days after the first day of the month following May 13, 2002. Taxes*  
14 *that are not paid by the subscriber to the provider within the time required*  
15 *shall bear interest at the rate established under ORS 305.220 for each month,*  
16 *or fraction of a month, from the date that is 20 days after the first day of the*  
17 *month following May 13, 2002, until paid.]*

18 “[~~(3)~~] *Unless previously remitted, taxes that are paid to the provider under*  
19 *subsection (2) of this section shall be remitted by the provider to the Depart-*  
20 *ment of Revenue at the time and in the same manner as taxes imposed under*  
21 *ORS 401.792 for the first month following May 13, 2002, are remitted to the*  
22 *department.]*

1       **“SECTION 2. This 2013 Act takes effect on the 91st day after the**  
2 **date on which the 2013 regular session of the Seventy-seventh Legis-**  
3 **lative Assembly adjourns sine die.”.**

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Joint Committee on Ways and Means

Carrier – House: Rep.

Carrier – Senate: Sen.

**Revenue:** Fiscal impact statement issued

**Fiscal:** Revenue impact statement issued

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**Action:**

**Vote:**

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

**Prepared By:** John Borden, Legislative Fiscal Office

**Meeting Date:** June 7, 2013

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**WHAT THE MEASURE DOES:** House Bill 3317-A relates to the emergency communications tax. Extends sunset date for emergency communications tax from January 1, 2014 to January 1, 2022. The extension of this tax requires approval by a three-fifths majority of each chamber. The measure would take effect on the 91st day after the day of which the Legislature adjourns.

**ISSUES DISCUSSED:**

- Revenue impact
- Fiscal impact

**EFFECT OF COMMITTEE AMENDMENT:** Replaces the measure.

**BACKGROUND:** The current emergency communications tax is set to expire on January 1, 2014. There have been six sunset extensions of this tax since 1981. The tax rate is \$0.75 cent per month per device capable of accessing 9-1-1 services, with the exception that federal, state, and local governments are tax exempt. The tax rate is set in statute and has been unchanged at \$0.75 since 1995. The tax is collected by phone companies and wireless providers each month and then remitted to the Department of Revenue. The tax is used to pay for the Department of Revenue's collect costs (up to one half of one percent), the Military Department's - Office of Emergency Management program's administrative costs and 9-1-1 training conducted by the Department of Public Safety Standards and Training (up to 4%); and statewide equipment and circuit charges (35%). The remaining revenue is distributed primarily to cities and counties on a quarterly basis to fund over 45 Public Safety Answering Points across the state (60.5%). Funds are distributed on a per capita basis; however, each county must receive a minimum of one percent of the net account balance.

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 3317 - a33**

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

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

Prepared by: John Borden  
Reviewed by: John Terpening  
Date: July 7, 20113

**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, and 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. The current \$0.75 tax is slated to sunset January 1, 2014.

The emergency communications tax rate of \$0.75 and the distribution of tax revenue remains unchanged from current law.

The extension of the sunset on the emergency communications tax is assumed in the 2013-2015 legislatively adopted budgets of the Military Department (SB 5534), the Department of Public Safety Standards and Training (HB 5042), and the Department of Revenue (SB 5538).

The measure is estimated to raise \$58.1 million for 18-months of the 2013-15 biennium, according the revenue impact statement. This revenue is estimated to be distributed as follows: Department of Revenue administrative costs (\$290,600); Military Department's 35% Enhanced Subaccount (\$20.3 million); Military Department program costs (\$2.3 million), including payment to the Department of Public Safety Standards and Training for training and certification of 9-1-1 telecommunicators and emergency medical dispatchers; and payments to cities and counties (\$35.2 million).

The measure is estimated to raise \$76.8 million for 24-months of the 2015-17 biennium, according the revenue impact statement. This revenue is estimated to be distributed as follows: Department of Revenue administrative costs (\$384,200); Military Department's 35% Enhanced Subaccount (\$26.9 million); Military Department program costs (\$3 million), including payment to the Department of Public Safety Standards and Training for training and certification of 9-1-1 telecommunicators and emergency medical dispatchers; and payments to cities and counties (\$46.5 million).

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
Seventy-Seventh Oregon Legislative Assembly  
2013 Regular Session  
Legislative Revenue Office

Bill Number: HB 3317-A33  
Revenue Area: 911 Tax  
Economist: Mazen Malik  
Date: 07/07/2013

**DRAFT**

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

**Measure Description:**

Extends period of applicability of emergency communications tax.

**Revenue Impact (in \$Millions):**

	FY 14	FY 15	FY 16	FY 17	Biennium		
					13-15	15-17	15-18
Sunset extension Extend Revenue	\$19.44	\$38.68	\$38.51	\$38.34	\$58.12	\$76.84	\$76.51
Collection allowance extension 0.5%	(\$0.10)	(\$0.19)	(\$0.19)	(\$0.19)	(\$0.39)	(\$0.29)	(\$0.38)
<b>Net Revenue From Extension</b>	\$19.34	\$38.49	\$38.31	\$38.14	\$57.83	\$76.46	\$76.13

**Impact Explanation:**

There is presently a 75 cent per month tax on every subscriber who has telecommunication services with access to the 9-1-1 emergency reporting system. This tax is collected by the service provider from the subscriber. The program collects about \$39 million a year, but is set to expire on January 1, 2014. This measure extends the tax till 2022. The last four fiscal years of collections are shown in the table.

	Revenue	Change
2008-09	40.26	2.1%
2009-10	39.64	-1.5%
2010-11	39.54	-0.3%
2011-12	39.27	-0.7%

By extending the sunset date the bill continues the 75 cents tax for 911 services. The enforcement will add to the revenue collected while DOR will be allowed 0.25% for the enforcement effort.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No