Representative Read

FULL COMMITTEE PONY

House Bill 3317
Relating to emergency communications taxes

House Bill 3317 relates to the emergency communications tax. The current tax is set to expire on January 1, 2014. 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.

The amendment to the measure extends the sunset date for the tax from January 1, 2014 to January 1, 2022.

The tax rate of $0.75 and the distribution of tax revenue remain unchanged from current law.

The measure is estimated to raise $58.1 million for 18-months of the 2013-15 biennium and $76.8 million for 24-months of the 2015-17 biennium, according to the revenue impact statement.

The extension of the tax is assumed in the 2013-2015 legislatively adopted budgets of the Department of Revenue, the Department of Public Safety Standards and Training, and the Military Department, which passes through most of the tax to local cities and counties.

The Capital Construction Subcommittee recommends HB 3317 be amended and reported out do pass, as amended.

77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session **MEASURE: HB 3317-B**
Preliminary STAFF MEASURE SUMMARY

Joint Committee on Ways and Means **Carrier – House: Rep. Read**
Carrier – Senate: Sen. Winters

Revenue:
Fiscal: Fiscal statement issued

Action:
Vote:
House
Yeas:
Nays:
Exc:
Senate
Yeas:
Nays:
Exc:
Prepared By: John Borden, Legislative Fiscal Office
Meeting Date: July 7, 2013

WHAT THE MEASURE DOES: Relates to the emergency communications tax. Extends 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. 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 - B**

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 remain 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).

HB 3317-A33
(LC 1093)
7/7/13 (CMT/ps)

PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 3317

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

Delete lines 6 through 19.

Delete pages 2 through 4 and insert:

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

"**Sec. 4.** [*(1)*] Taxes imposed under ORS [*401.792*] **403.200** apply to subscriber bills issued on or after January 1, 2002, and before January 1, [*2014*] **2022**.

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

"[*(3) Unless previously remitted, taxes that are paid to the provider under subsection (2) of this section shall be remitted by the provider to the Department of Revenue at the time and in the same manner as taxes imposed under ORS 401.792 for the first month following May 13, 2002, are remitted to the department.*]

"SECTION 2. This 2013 Act takes effect on the 91st day after the date on which the 2013 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.".