

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2464 - A**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Matt Stayner
Reviewed by: John Borden
Date: 5/7/13**Measure Description:**

Requires certain entities that make more than \$600 in annual payments for construction services to an individual to report payment information to the Department of Revenue (DOR); requires DOR to share information with the Employment Department quarterly; creates penalties for non-compliance; extends same penalties for non-compliance of filing requirements related to payments by fiduciaries, brokers, and realtors; extends same penalties for non-compliance of filing requirements related to payments by any entity for withholding tax reports, quarterly tax reports, and annual agricultural workers withholding tax reports.

Government Unit(s) Affected:

Department of Revenue(DOR)

Summary of Expenditure Impact

| | 2013-15 Biennium | 2015-17 Biennium |
|--------------------|-------------------------|-------------------------|
| General Fund | \$85,950 | \$79,202 |
| Lottery Funds | | |
| Other Funds | | |
| Federal Funds | | |
| Total Funds | \$85,950 | \$79,202 |
| Positions | | 1 |
| FTE | | 0.51 |

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 has a two-fold purpose. The first of these is to create an obligation for those entities that are normally engaged in the payment of construction services, to make a report to the Department of Revenue (DOR) payment of \$600 or more to a single payee. Failure to make this report, or knowingly making a false report subjects the reporter to penalties. Secondly, the bill extends these penalties to filers in all industries that fail to make, or make false or misleading reports related to payments for withholding tax reports, quarterly tax reports, annual agricultural worker withholding tax reports, and reports required of fiduciaries, brokers, and realtors.

The Department of Revenue reports that the measure will require the creation of two new program codes to administer the penalties outlined in the bill. Programming of the department's Integrated Tax Accounting (ITA) and on-line filing systems would be required as well. The initial programming and testing of the system would be accomplished during the 2013-15 biennium via contracted services. Personal services costs related to the assessment and collection of penalties would be absorbed by the department during this time, but may require the establishment of a half-time position (0.51 FTE) beginning in the 2015-17 biennium.

The fee revenue that may be generated as a result of the bill would be deposited in the General Fund and is therefore not a direct impact to the DOR. Please see the Legislative Revenue Office's revenue impact statement for possible General Fund revenue estimates.