

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Seventh Oregon Legislative
Assembly
2014 Regular Session
Legislative Revenue Office

Bill Number: HB 4055
Revenue Area: 911 Tax
Economist: Mazen Malik
Date: 02/20/2014

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

DRAFT

Measure Description:

Extends tax on customer access to 9-1-1 emergency reporting system from prepaid telecommunications service customers, requires Department of Revenue to establish by rule policies and procedures for collection of tax imposed on prepaid services and on fixed interconnected Voice over Internet Protocol service. Directs department to report on administration of tax imposed to legislative committee on revenue.

Revenue Impact (in \$Millions):

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	BN 13-15	BN 15-17	BN 17-19
Gross Revenue		\$0.62	\$1.21	\$1.22	\$1.25	\$1.28	\$0.62	\$2.43	\$2.52
Total Collection costs		(\$0.20)	(\$0.21)	(\$0.23)	(\$0.23)	(\$0.23)	(\$0.20)	(\$0.44)	(\$0.46)
Net New Revenue		\$0.42	\$0.75	\$0.65	\$0.67	\$0.69	\$0.42	\$1.39	\$1.35

Impact Explanation:

The current \$0.75 tax on each circuit per month continues to be effective for phones and postpaid cellular phones as well as VOIP. Prepaid pay the same tax from 1/1 to 10/1/ 2014 using one of two methods specified in the amendment. After that the prepaid customers move to a Point Of Sale system where they pay \$.75 per transaction, which also occurs at different time periods. The assumption is that the new tax will capture about 143,000 (six year average) phones that were not previously paying. DOR receives additional ½ percent of the overall revenue stream to a total of 1%. Retailers receive 2% of the POS revenue they collect. The collection is assumed to be effective and able to capture all the revenue (that will be dependent on DOR staffing and funding). There will be about \$350,000 shifted (and some lost) revenue as a result of moving the current prepaid payers to the new point of Sale.

Creates, Extends, or Expands Tax Expenditure: Yes No