

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

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

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

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 VOIP service. Directs department to report on administration of tax imposed to revenue committee.

Revenue Impact (in \$Millions):

	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 retail transaction regardless of the different time periods it occurs. The assumption in this statement is that the new tax will capture about 143,000 phones (six year annual average) that previously did not pay. DOR will receive an additional 1/2 percent of the overall revenue stream to a total of 1% to offset costs of collection. Retailers receive 2% of the POS revenue they collect (about \$23,000 a year). The collection is assumed to be effective and able to capture all the revenue (which in fact will be dependent on DOR staffing and funding). Total collection allowance is slightly less than \$400,000 a year. 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 system.

Creates, Extends, or Expands Tax Expenditure: Yes No