

OTHER TAXES

EMERGENCY COMMUNICATIONS (911) TAX

Current Tax Base (Tax sunsets 12/31/2021)

The Emergency Communications Tax is imposed upon each consumer or paying retail subscriber with access to the 911 emergency reporting system. Liability for the tax rests with the consumer or subscriber but providers and sellers of taxed communication service are responsible for collecting the tax. Returns and tax receipts are submitted quarterly by providers and sellers to the Department of Revenue. Any consumer subject to the tax and from whom the tax was not collected, is required to file and remit tax annually.

Non-Prepaid Wireless, Wireline & Voice over Internet Protocol (VoIP)
\$0.75 per month per subscriber line

Prepaid Wireless Telecommunications

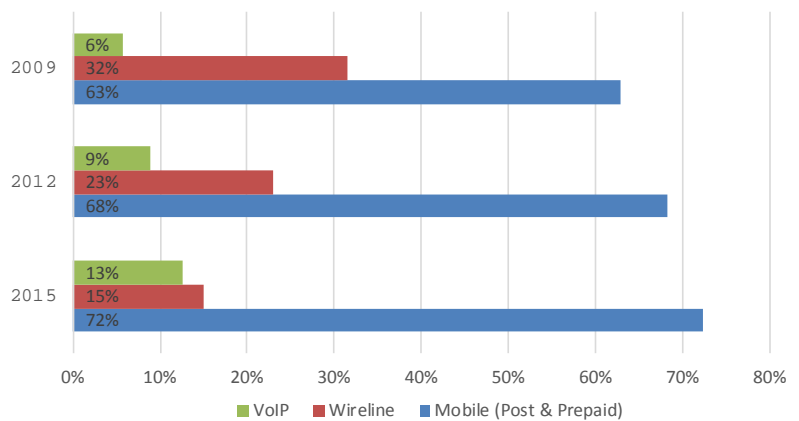
- **\$0.75** per retail transaction
- “Prepaid wireless telecommunications”: service that is sold in predetermined units or dollar amounts, must be paid for in advance...ORS 430.105(17)
- “Retail Transaction”: each individual purchase, associated with an individual access number...of prepaid wireless telecom service...ORS 430.105(22)
- Retail transaction occurs in OR if:
 - 1) Sale at business located in OR,
 - 2) Consumers shipping address is in OR
 - 3) Associated with an OR phone number
- Each seller permitted to deduct and retain 2% of amount of tax collected in compensation of collection expenses

Highlights of Recent Legislative Change - HB 4055 (2014)

As declared in HB 4055, the intent of the Legislative Assembly in enacting measure was to facilitate administration of collection of emergency communication taxes.

- Defined “interconnected Voice over internet Protocol service” and formalized application of existing tax on VoIP subscribers
- Established and defined necessary terms for enacting 911 tax to be imposed on each prepaid wireless retail transaction occurring in OR after 10/1/2015
- Imposed a temporary transitional tax (1/1/2015-9/30/2015) upon each provider of prepaid wireless telecommunications service equal to \$0.75 cents per month for each customer with a mobile telephone number associated with an OR location
- Requires Department of Revenue to report to Legislature on or before 2/15/2017 regarding effectiveness of provisions contained within act in collecting required tax from all consumers and estimate the amount of revenue received on or after 10/1/2015 attributable to operation of provisions contained within act.

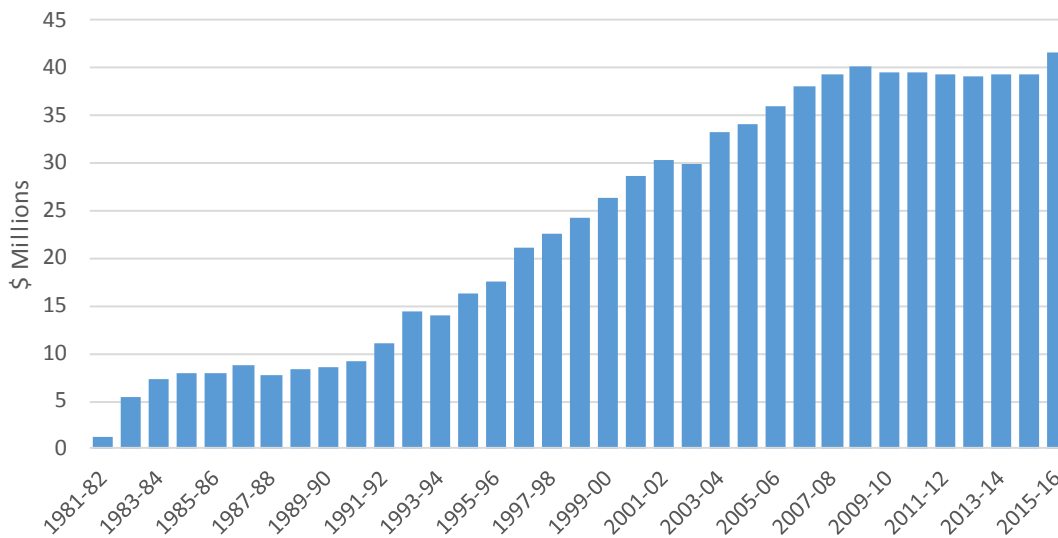
National Subscriptions by Type



Note: Prepaid accounts for about 20-25% of total mobile

Source: FCC

E911 Tax Receipts by Fiscal Year



Tax Distribution

Prior to distribution, Department of Revenue may receive up to 1% of E911 receipts for administrative cost purposes, Office of Emergency Management may receive up to 4%. After deductions for the administrative expenses, 35% is transferred into the Enhanced 911 subaccount with the remaining funds distributed to cities and counties on a per capita basis. Funds in the Enhanced 911 subaccount are primarily used to make direct payments to vendors for Public Safety Answering Points (PSAPs) circuit charges and software upgrades. Local governments use the revenue to partially fund the expense of PSAPs across city and county governments.

History

The tax was enacted in 1981 to aid local governments in establishing, operating or improving an emergency 911 reporting system. From enactment in 1981 to 1991, the tax imposed was 3 percent of the monthly rate charged for basic telephone exchange access services. In 1991 the rate was increased to 5 percent. Beginning in 1995, the tax imposed changed to \$0.75 per month per circuit applied to all forms of wired and wireless telecommunications services. HB 4055 (2014) made further changes which are described on the previous page. There have been six sunset extensions of this tax since 1981.