FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 2449 - A12 <CORRECTED>**

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Increases rate of tax for emergency communications.

Government Unit(s) Affected:
Counties, Oregon Military Department (OMD), Department of Revenue (DOR)

Summary of Fiscal Impact:
Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

The measure would increase the tax for emergency communications from $0.75 to $1.00 per month for wireless telephone accounts and prepaid wireless retail transactions made on or after January 1, 2020 and before January 1, 2021. Beginning January 1, 2021, the tax would increase from $1.00 to $1.25 per month for wireless telephone accounts and prepaid wireless transactions. The measure would decrease the quarterly distribution from the Emergency Communications Account allowable for administrative expenses to the Department of Revenue from 1.0 percent to 0.6 percent. It would also decrease the quarterly distribution from the Emergency Communications Account allowable for administrative expenses to the Office of Emergency Management from 4.0 percent to 2.4 percent. The measure would require that interest earned by the Emergency Communications Account and the 9-1-1 Subaccount be credited to the 9-1-1 Subaccount. The measure would extend the sunset of the tax for emergency communications from January 1, 2022 to January 1, 2030.

Counties

The Legislative Fiscal Office (LFO) believes that this measure may have a fiscal impact on Counties. LFO requested, but has not received, fiscal impact information from the Association of Oregon Counties (AOC). In absence of this information, the fiscal impact to Counties is indeterminate. If fiscal impact information is provided by AOC, LFO will issue a revised fiscal impact statement.

Department of Revenue (DOR)

The Department of Revenue communication staff and program staff would need to develop a plan to notify taxpayers and consumers of the rate increase, including updates to forms, website, and GenTax. However, DOR believes it would be able to implement these changes without any additional resources.

DOR currently receives up to 1.0 percent of tax receipts for its administrative expenses. DOR bills its actual costs to the Office of Emergency Management instead of taking them off the top. However, because DOR's costs are considerably less than the current cap allows, DOR believes that the decrease from 1.0 to 0.6 percent coupled with the two rate increases would be sufficient cover its administrative costs going forward.

For these reasons, the measure would have a minimal fiscal impact on DOR.

Oregon Military Department (OMD)

The Oregon Military Department estimates that reducing the administrative allowance to the Office of Emergency Management from 4.0 percent to 2.4 percent in 2020 would result in a cash deficit of $579,290. OMD believes this deficit would require the Office of Emergency Management to temporarily lay off staff, assuming Policy Option Package 301 seeking an increased General Fund appropriation is not approved (HB 5031). Since it is unclear how OMD would address this possible deficit, the fiscal impact is indeterminate.