

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1051 - A

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:

Establishes, if House Bill 2020 becomes law, credit available to eligible persons for purpose of mitigating carbon price indirectly paid through purchase of fuel to propel eligible motor vehicles on public highways.

Government Unit(s) Affected:

Department of Justice (DOJ), Department of Forestry (ODF), Oregon Department of Transportation (ODOT), Department of Revenue (DOR)

Analysis:

The legislation directs that, no later than August 15 of each year, beginning in the year that a cap and trade program becomes operative (HB 2020), the Department of Transportation (ODOT), in consultation with the Climate Policy Office, must prepare or contract with a third-party to prepare an annual estimate for each county which will include the following: median household vehicle miles traveled; median gallons of fuel used by a vehicle when traveling the median miles traveled; and a per-gallon carbon price. Using the estimates, ODOT is directed to develop a schedule of the annual tax credit amounts available to eligible households and notify the Department of Revenue (DOR). The DOR must provide a means on the personal tax return for an individual to apply for the credit, and DOR may reject or approve an application for a credit. Credits are paid from the Climate Action Reimbursement Fund which will receive a transfer of 30% of the monies deposited in the Transportation Decarbonization Investments Account; and a transfer of an unspecified amount must be sent to the Farm and Forest Climate Action Reimbursement Fund to pay refunds to farmers, and forest harvesters or road construction activities under public contract. The bill does not take effect unless HB 2020 (2019) becomes law.

Department of Transportation (ODOT)

Managing the transfer of funds from auction proceeds and the distributions to the Funds, established by this legislation, will increase the accounting workload for ODOT. The agency anticipates that the additional workload could necessitate up to a 1.00 FTE Accounting Technician 3 position at an estimated cost of \$149,403 Other Funds per biennium. Additional one-time costs associated with vendor contracts to make changes to the fuels tax IT system could cost up to \$60,000. The workload associated with developing annual county specific estimates is similar to work already conducted by ODOT and is anticipated to be minimal and absorbable within existing budgetary parameters. If the accounting workload and IT programming work associated with this legislation is not absorbable within existing budgetary parameters, the agency may return to the Legislature to request additional funding limitation and position authority.

Department of Forestry (ODF)

A minimal fiscal impact to ODF is anticipated as a result of the increased workload to supply ODOT with copies of agreements, permits, and easements associated with refund applications and auditing.

Department of Revenue (DOR)

Implementation of the credit system by DOR will have a variety of costs including vendor costs to update the GenTax system and electronic filing methods, postage and mail service, publishing and development of outreach materials. Increased workload to staff is anticipated to include rules development, creation of a new tax schedule and other forms, increased phone calls to the call center, increased data entry and document processing,

increase in audits and appeals for adjustments or denials, and various IT reprogramming and testing work. Fiscal impacts to DOR in the 2019-21 biennium are anticipated to be minimal and absorbable within existing budgetary parameters. It is anticipated that the agency will include a Policy Option Package in the 2021-23 budget cycle which will request the positions and Other Funds expenditure authority necessary to implement the costs outlined above.

Department of Justice (DOJ)

The legislation will likely result in additional requests for legal advice from DOJ, and any denials of credits would be appealed to the Oregon Tax Court which will approve or reject applications for persons with an application rejection subject to contested case proceedings. It is unknown how many applications would be rejected, but it is possible that even a few hearings could become a source of extended litigation. The agency anticipates that the additional workload could necessitate up to 0.30 FTE for an estimated cost of \$103,536 per biennium. If the workload associated with this legislation not absorbable within existing budgetary parameters, the agency may return to the Legislature to request additional funding limitation and position authority.