

SB 654 STAFF MEASURE SUMMARY

Senate Committee On Business and General Government

Action Date: 02/21/19

Action: Without recommendation as to passage and be referred to Finance and Revenue by prior reference.

Vote: 5-0-0-0

Yeas: 5 - Dembrow, Girod, Hass, Olsen, Riley

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Prepared By: Tyler Larson, LPRO Analyst

Meeting Dates: 2/21

WHAT THE MEASURE DOES:

Imposes public safety assessment of 1.9 percent of annual subject revenue in excess of \$1 million on covered entities. Defines "covered entity" as insurer, fraternal benefit society, or specified nonprofit corporation. Defines "subject revenue" as program service revenue, employee remuneration, and funds received from a government entity. Requires covered entity that pays more than \$1 million to any officer or employee to submit specified paperwork to Department of Revenue (DOR). Requires DOR to collect assessment in the same manner as income taxes. Establishes Public Safety Assessment Fund and dedicates public safety assessment to fund. Appropriates moneys in fund to the Department of Public Safety Standards and Training for distribution in the form of grants to the Oregon State Police, the Oregon State Fire Marshal, local law enforcement agencies, rural fire protection districts, and the Oregon Office of Emergency Management. Applies to calendar years after January 1, 2019. Effective 91st day after adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Current statute exempts nonprofit organizations with federal tax exempt status from Oregon corporation taxes. Specified insurers and fraternal benefit societies with federal tax exempt status are also exempt from the Oregon excise tax assessed on all insurers. Fraternal and charitable organizations can also qualify for a property tax exemption for any property actively occupied by the organization in a way that furthers its stated purpose.

Senate Bill 654 creates a public safety assessment which these tax-exempt organizations must pay. The assessment is 1.9 percent of annual subject revenue in excess of \$1 million, and is dedicated to the Department of Public Safety Standards and Training for distribution in the form of grants to the Oregon State Police, the Oregon State Fire Marshal, local law enforcement agencies, rural fire protection districts, and the Oregon Office of Emergency Management.