

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: HB 4157

81st Oregon Legislative Assembly – 2022 Regular Session  
Legislative Fiscal Office*Only Impacts on Original or Engrossed  
Versions are Considered Official*Prepared by: Michael Graham  
Reviewed by: Zane Potter, Kim To  
Date: February 17, 2022**Measure Description:**

Directs Department of Revenue to establish and administer program to provide one-time assistance payments to low-income households to address negative economic impacts of COVID-19 public health emergency.

**Government Unit(s) Affected:**

Department of Revenue (DOR), Department of Administrative Services (DAS)

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:****Department of Revenue**

	2021-23 Biennium	2023-25 Biennium
General Fund		
Personal Services	244,597	0
Services and Supplies	289,057	0
<b>Total General Fund</b>	<b>\$533,654</b>	<b>\$0</b>
Other Funds		
Special Payments	180,000,000	0
<b>Total Other Funds</b>	<b>\$180,000,000</b>	<b>\$0</b>
<b>TOTAL FISCAL IMPACT</b>	<b>\$180,533,654</b>	<b>\$0</b>
Positions	5	0
FTE	0.83	0.00

**Department of Administrative Services**

	2021-23 Biennium	2023-25 Biennium
Federal Funds		
Special Payments	180,000,000	0
<b>Total Federal Funds</b>	<b>\$180,000,000</b>	<b>\$0</b>

**Analysis:**

House Bill 4157 directs the Department of Revenue (DOR) to establish and administer a program to address negative economic impacts of the COVID-19 public health emergency by providing one-time assistance payments to low-income households with members who worked during the first year of the COVID-19 public health emergency. Payments will be limited to \$600 per household or \$600 per individual listed on a joint return. Only taxpayers who qualified for and claimed the earned income tax credit on their 2020 personal income tax returns are eligible to receive these payments. DOR shall establish a communication and customer service plan to support the payment program and provide a written explanation of the payment program to eligible recipients. If possible, DOR shall make a payment to a household by means of direct deposit; otherwise, DOR may submit payment by check to the address listed on the tax return. Payments will be made only to recipients who are living as of the measure's effective date and must be made by no later than July 31, 2022. The measure takes effect on passage.

### **Department of Revenue**

The measure creates a one-time payment of \$600, to be issued by DOR, to taxpayers who qualified for and claimed the earned income tax credit on their 2020 personal income tax returns. DOR will make the payments automatically using existing in-house information, and the payments will be not included in a taxpayer's taxable income and not subject to garnishment, execution, or offset. Payments are expected to begin in early summer 2022 and must be made by July 31, 2022.

Based on data from DOR, an estimated 300,000 taxpayers are eligible to receive the one-time \$600 payment. DOR will thus need to distribute approximately \$180 million to eligible taxpayers. Funding for these payments comes from the American Rescue Plan Act (ARPA - P.L. 117-2), which includes federal funds that have been distributed to the Department of Administrative Services (DAS). Before July 1, 2022, DAS will need to transfer these federal ARPA funds to DOR, which will be transferred to DOR as Other Funds for distribution to eligible taxpayers by July 31, 2022.

To implement and administer this new program, DOR will need to hire additional staff to process the payments. DOR anticipates needing to hire five full-time, limited duration positions (0.83 FTE) in the 2021-23 biennium, including five Administrative Specialist 2 positions to identify and process amended returns. All five positions will be phased out in the 2021-23 biennium upon the program's completion. DOR will need additional General Fund to provide for these limited duration positions, anticipated overtime costs for current staff, and office supplies costs to distribute the \$600 payments.

The estimated fiscal impact to the Personal Tax and Compliance Division is \$180,533,654 total funds in the 2021-23 biennium, which includes an increase of \$180 million Other Funds expenditure limitation for special payments and \$533,654 General Fund for personal services and services and supplies.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to DOR's budget and the state General Fund.

### **Department of Administrative Services**

Although the measure is anticipated to have only a minimal fiscal impact on DAS's operations, DAS will nevertheless require an increase Federal Funds expenditure limitation to transfer to DOR the \$180 million in anticipated payments to eligible taxpayers.

The estimated fiscal impact to DAS is \$180 million Federal Funds in the 2021-23 biennium, which will be transferred to DOR as Other Funds.

In addition to the reasons stated above, the measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to DAS's budget.