

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4157 - 3

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 22, 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 will 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	235,116	0
Total General Fund	\$479,713	\$0
Other Funds		
Special Payments	147,000,000	0
Total Other Funds	\$147,000,000	\$0
TOTAL FISCAL IMPACT	\$147,479,713	\$0

Department of Administrative Services

	2021-23 Biennium	2023-25 Biennium
Federal Funds		
Special Payments	147,000,000	0
Total Federal Funds	\$147,000,000	\$0

Analysis:

House Bill 4157, as modified by the -3 amendments, 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. 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. Payments will be limited to \$600 per household and will be made only to recipients who are living, including at least one individual listed on any joint tax return, as of the measure's effective date. 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 must be made by no later than July 31, 2022. The measure appropriates \$479,713 General Fund to DOR and increases DOR's

expenditure limitation by \$147 million Other Funds in the 2021-23 biennium. 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. Payments will be limited to one per household. 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 245,000 taxpayers will be eligible to receive this one-time \$600 payment. DOR will thus need to distribute approximately \$147 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 additional General Fund for anticipated overtime costs for current staff and costs related to outgoing letters, checks, and other office supply costs to distribute the \$600 payments. The total estimated fiscal impact to the Personal Tax and Compliance Division is \$147,479,713 total funds in the 2021-23 biennium. To cover these costs, the measure appropriates \$479,713 General Fund to DOR for personal services and services and supplies and increases DOR's expenditure limitation by \$147 million Other Funds to distribute the \$600 checks to taxpayers by July 31, 2022.

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 \$147 million in anticipated payments to eligible taxpayers.

The estimated fiscal impact to DAS is \$147 million Federal Funds in the 2021-23 biennium, which DAS will transfer to DOR as Other Funds. The needed increase in Federal Funds expenditure limitation will be addressed in the 2022 end-of-session/omnibus bill.