CHAPTER 9. TELEPHONE EXCHANGE ACCESS (911) TAX

The Oregon telephone exchange access (911) tax is imposed on each retail subscriber who has telecommunication services with access to the 911 emergency reporting system. The tax is applied to each circuit. For cellular, wireless, or other radio common carrier, the tax is applied per instrument.

The tax was enacted in 1981 to help local governments pay for establishing, operating, or improving a 911 system. Originally, the tax was three percent of the monthly rate charged for basic exchange access services. In 1991, that rate was increased to five percent. Since October 1, 1995 the rate has been 75 cents per line per month, and applies to all forms of wired and wireless telecommunications services. The tax is paid quarterly by the telecommunication utilities and service providers, who collect the tax from phone subscribers on their monthly billings.

Receipts were $54.9 million for the 1999–01 biennium. Net revenue from the tax is distributed to cities and counties on a per capita basis, to be used for their 911 systems.

9.001 STATE AND LOCAL SUBSCRIBERS

Oregon Statutes: Note following 401.790 (OR Laws 1981, Ch. 533, Sec. 11)
Sunset Date: The tax law provision has no sunset date, but the telephone access tax sunsets 12-31-07.
Year Enacted: 1981

	Total
2001–03 Revenue Impact:	$3,000,000
2003–05 Revenue Impact:	$3,200,000

DESCRIPTION: State and local governments are exempt from the telephone access (911) tax. This includes regional housing authorities. The revenue impact reflects the sunset of the telephone access tax.

PURPOSE: The exemption is probably to avoid the administrative costs of taxing government to fund government services.

WHO BENEFITS: Because this exemption results in lower costs for some governments but lower revenues for others, it is not clear who, if anyone, benefits.

EVALUATION: Typically, governments are exempt from taxation because, it is argued, such taxation simply represents a transfer of resources between governments. This argument ignores the role taxes play as prices for services provided by the public sector. The failure to tax governments for services they receive can introduce inefficiencies in the economy. In the case of 911 services, these inefficiencies are likely to be small. [*Evaluated by the Department of Revenue*.]

9.002 FEDERAL SUBSCRIBERS

Oregon Statutes: Note following 401.790 (OR Laws 1981, Ch. 533, Sec. 11)
Sunset Date: The tax law provision has no sunset date, but the telephone access tax sunsets 12-31-07.
Year Enacted: 1981

	Total
2001–03 Revenue Impact:	$500,000
2003–05 Revenue Impact:	$500,000

DESCRIPTION: The federal government is exempt from the telephone access (911) tax. This includes foreign government offices that are exempt from taxation by treaty provisions with the federal government, as well as certain federally chartered corporations specifically exempt from state income taxes by federal statute.

PURPOSE: The exemption complies with federal law.

WHO BENEFITS: Because this exemption results in lower costs for some governments but lower revenues for others, it is not clear who, if anyone, benefits.

EVALUATION: Not evaluated.

9.003 INDIAN RESERVATION SUBSCRIBERS

Oregon Statutes: Note following 401.790 (OR Laws 1981, Ch. 533, Sec. 11)
Sunset Date: The tax law provision has no sunset date, but the telephone access tax sunsets 12-31-07.
Year Enacted: 1981

	Total
2001–03 Revenue Impact:	$100,000
2003–05 Revenue Impact:	$100,000

DESCRIPTION: Indians on federally recognized reservations are exempt from the telephone access (911) tax. They must be enrolled members of the tribe located on the reservation.

PURPOSE: The exemption complies with federal law.

WHO BENEFITS: Tribal members using 911 service.

EVALUATION: Not evaluated.