

**74th OREGON LEGISLATIVE ASSEMBLY – 2008 Special Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: SB 1082
CARRIER: Rep. Read**

REVENUE: No Revenue Impact

FISCAL: No Fiscal Impact

Action:	Do Pass
Vote:	8-0-1
Yeas:	Bentz, Berger, Bruun, Gelser, Olson, Read, Witt, Barnhart
Nays:	
Exc.:	Rosenbaum
Prepared By:	Warner, Economist
Meeting Dates:	2/18

WHAT THE BILL DOES: Requires the Department of Revenue to submit report to the Legislature on individual taxpayer compliance no later than February 1, 2009. The Department of Revenue is directed to prepare report using existing data. The report is to include an estimate of taxpayer compliance with existing law, identify taxpayer behavior that affects compliance and make recommendations to improve income tax compliance. In preparing the report, the Department of Revenue is to consult with the Legislative Revenue Office and “external” resources.

ISSUES DISCUSSED:

- Current Department of Revenue enforcement activities
- Use of individual income tax as a model for analyzing other tax programs in the future
- Backlog of unpaid taxes averaging about \$300 million at any point in time
- Need for balanced approach to compliance
- Number of vacant auditor positions at Department of Revenue
- Use of contract work
- Need to simplify tax law

EFFECT OF COMMITTEE AMENDMENTS: No Amendments

BACKGROUND: In recent years, the Internal Revenue Service and a number of state revenue departments have made efforts to estimate the gap between the actual amount of income tax revenue collected and what should be legally collected under current law. In the 2007 legislative session the Ways & Means General Government subcommittee expressed interest in developing more accurate estimates of the amount of potential tax revenue that is not collected due to compliance issues. In response, the Department of Revenue has initiated efforts to improve the state’s understanding of both the causes and the magnitude of non-compliance.

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This summary has not been adopted or officially endorsed by action of the committee.