

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number:	SB 5540 A
Revenue Area:	State Finance
Economist:	Chris Allanach
Date:	6-2-09

Measure Description: Appropriates General Fund money to the Department of Revenue for biennial expenses. Establishes the agency's budget for the 2009-11 biennium by authorizing General Fund appropriations, Other Funds expenditure limitation, and Other Funds Nonlimited spending.

Revenue Impact (\$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund	\$20.5	\$16.4	\$36.9	\$21.1	\$22.2
Policy Package 152	\$8.8	\$10.5	\$19.3	\$22.1	\$23.2
Collections Speed-up	\$11.7	\$5.9	\$17.6	-\$1.0	-\$1.0

Impact Explanation: The revenue impact is a consequence of two policy packages within the department's budget. The first component is referred to as Policy Package 152 where additional staff are used to improve the collections and filing enforcement functions within the payroll and income tax programs. In general, this work will target more complex filing enforcement cases, increase the number of field calls to debtors, and work more difficult accounts. The 2009-11 impact of \$19.3 million assumes 22 months of relatively greater collections. The growth in 2011-13 to an impact of \$22.1 million is due to a full 24 months of compliance activities and increased expertise among the new staff. The higher level in 2013-15 (\$23.2 million) reflects continued growth in experience among department staff.

The second component is a continuation of the agency's collections "speed-up" project. Generally, the department allocates resources to balance long-term and short-term compliance efforts. In October of 2008 the department reallocated 20 staff to perform collection activities on accounts that were not getting detailed attention. They expect to collect \$7.2 million in the 2007-09 biennium above what would have been collected otherwise. The department anticipates this project can be productive for an additional 18 months and expects higher collections of \$17.6 million for the 2009-11 biennium. In essence, this temporary reallocation of resources moves staff from working on areas of long-term compliance to areas of short-term collections. The relatively small negative impacts in the subsequent biennia reflect the trade-off between the two approaches.

Creates, Extends, or Expands Tax Expenditure: No