

# **2013**

## **Oregon Department of Revenue**

**Presentation to the  
Joint Ways and Means  
General Government Subcommittee  
Responses to Questions from Committee Members**

April 17, 2013



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**Please provide how many employees are in a work-out-of-class, as well as how many employees are paid differentials, pay line exceptions, or some type of pay exception.**

Employees in a WOC—42

Employees receiving pay differentials—103

- Bilingual Differential = 21
- Lead Work Differential = 74
- Team Lead Differential = 8

Employees with pay line exceptions—0

Employees with shift differentials—0

Employees who are redlined—1

**Is the 911 tax collected at the point of purchase or do providers pick up the cost?**

Currently, the state imposes a 75 cent 911 tax on the subscriber of telephone services, which is collected by providers. These services include standard land lines, wireless phones, pre-paid wireless phones, and Voice-over Internet Protocol (VoIP). However, it has been unclear whether providers are reporting the tax on prepaid wireless and VoIP and, if so, how they accomplish this.

HB 3317 extends the sunset of the tax and increases Revenue’s authority to enforce the current law by requiring us to undertake enhanced enforcement and collection activities, with an emphasis on providers of prepaid and VoIP services. The bill provides the funding mechanism for stepped-up enforcement and we anticipate it will have to come before this subcommittee so we can hire the staff provided for in the bill.

This bill does not change the method by which the 911 tax is collected. It does not change from the current method of collection by providers to the method known as “Point of Sale.” Because a “point of sale” method of collection follows the basic structure of a sales tax, which Oregon does not have in place, that method is more costly for the department to administer than to step up its enforcement of the current law.

**The Universal Service Fee is also imposed. What are we doing about that? Are we only looking at the 911 tax or are we also looking at collecting the Universal Service Fee?**

The Public Utilities Commission administers the Universal Service Fee. The program manager is Roger White and he can be reached at 503-378-6371 and roger.white@state.or.us.

**What impact would vacancies have on the Tax Compliance Policy Option Package?**

Our historical vacancy rate for the positions in the package ranges from 5 percent to 11 percent. If we were to incorporate the historical vacancy rate, the revenue generation projection for this enhancement package would be reduced by \$1.7 million to \$3.6 million.

Package section	Positions	Total cost	Original revenue estimate
Enforcement	20	\$2.5 million	\$13.6 million
Accounts receivable	11	\$1.3 million	\$19.5 million
<b>Total</b>	31	\$3.8 million	\$33.1 million

**Are there revenue-generating positions in Package 101? If so, please explain the reasoning behind including revenue-generating positions in the package?**

Package 101 includes position reductions from all major divisions of the organization, which are intended to offset the Services and Supplies expenses that must be met to operate the organization. These expenses include such items as rent, postage, and auditor travel. Because these expenses are incurred by each division, the divisions traditionally held these positions vacant to cover unbudgeted Services and Supplies costs.

For example, in the Business Division, there are two Tax Auditor 2 positions included in the package to offset the unbudgeted corporate travel expenses that are incurred by auditors when they examine corporations located out of state.

In the Personal Income Tax Division, the Collections Section holds more than 40 percent of the Division’s total staff of roughly 400 employees. Because of this, the division included Revenue Agents in this package because they are a driver for the large postage costs incurred by sending out notices and garnishments to people who owe tax.

There are also positions in that package that indirectly support revenue generation, such as processing center staff and administrative support. We tried to reflect in the package the choices divisions have made to manage their budget over time.