



Service Employees International Union, Local 503, OPEU

**Testimony before the Senate Finance and Revenue Committee
In Support of Senate Bill 1568
Arthur Towers, Political Director, SEIU Local 503
February 10, 2014**

On behalf of the 55,000 members of SEIU, Local 503, and our front-line workers in the Department of Revenue, we are testifying in favor of SB 1568. This is one important element of a broader effort the state should undertake to close the tax gap between taxes owed and taxes paid. The most recent report that we have seen indicates that the gap between personal income taxes owed and those collected in Oregon is 18.5%.

Our union did an extensive study in 2011, updated in 2013, around improving government efficiency. One of the key findings was to improve operations within the Department of Revenue, including the reduction or the elimination of the use of private collection agencies.

The Department of Revenue conducted its own double-blind study released in February, 2011 which found that private collection firms had a much lower success rate (between 8% and 10%) than in-house DOR staff (20%) on new debt cases.

According to a Secretary of State audit cited in our study, DOR enters into contracts with private collection agencies that allow these firms to receive a commission in the range of 16-23%.

The IRS had similar findings in regard to its own collection practices, and IRS Commissioner Douglas Shulman stated that he refused to renew contracts with private collection agencies in order to bring collections back in-house where they can be done more effectively.

At a time when the state is struggling to fund vital public services like education, health care, and public safety; we have to be smarter about how we spend taxpayer dollars and how we bring in the funds owed.

Since there is little interest in changing Oregon's status as having the second-lowest corporate tax burden in America (after only Delaware), we should do a better job collecting the taxes that are owed.

SEIU, Local 503 strongly supports the passage of SB 1568.

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