



Oregon

John A. Kitzhaber, MD, Governor

Department of Revenue

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January 28, 2014

The Honorable Senator Ginny Burdick, Chair
Senate Committee on Finance and Revenue
900 Court Street NE
S-213 State Capitol
Salem, OR 97301-4048

Dear Chairperson:

Nature of Request

The Department of Revenue (DOR) is reporting back to the 2014 Legislature on HB 2871 that asked for a report regarding licensee tax compliance. The department respectfully submits the attached executive summary and report as its response.

Agency Action

HB 2871 requested the following:

Directs Department of Revenue, no later than February 1, 2014, to report to Legislative Assembly on progress in implementing pilot project that requires certain licensees to demonstrate and maintain tax compliance as condition of issuance or renewal of license. Directs department to include in report plans for development and improvement of project and recommendations for expansion.

Based upon the evidence gathered during the pilot project we saw an improvement in compliance rates among licensees when we were actively monitoring their tax compliance and reporting back to the agencies with which we partnered.

It appears that licensee sanctions are most effective when licensees are continually educated about tax compliance and are aware that their license may be in jeopardy if they are not in compliance.

The attached files titled *800-550 BN Licensee Tax Compliance* and *800-550 BN Licensee Tax Compliance ES* provides the department's response to this request. The full report and executive summary are available through the Legislative Revenue Office.

Sincerely,

James C. Bucholz, Director
Oregon Department of Revenue