

# Update: Oregon Tax Administration

House Committee on Revenue

February 18, 2015



# Who we are

## Mission

We make revenue systems work to fund the public services that preserve and enhance the quality of life for all citizens.

## Vision

We are a model of revenue administration through the strength of our people, technology, innovation, service and collaboration.

## Values

Highly ethical conduct  
Quality in relationships  
Accountability

Fiscal Responsibility  
Service and operational excellence  
Continuous improvement



# Major budget drivers

- **Package 181—Core systems replacement project.**
- Package 151—Personal income tax refund fraud.
- Package 141—Property valuation system.
- Package 142—County Assessment Function Funding Assistance (CAFFA) shortfall.
- Package 143—Property tax deferral for disabled and senior citizens.
- Package 161—Implementation of revised 911 program.
- Potential personal income tax rebate (Kicker).

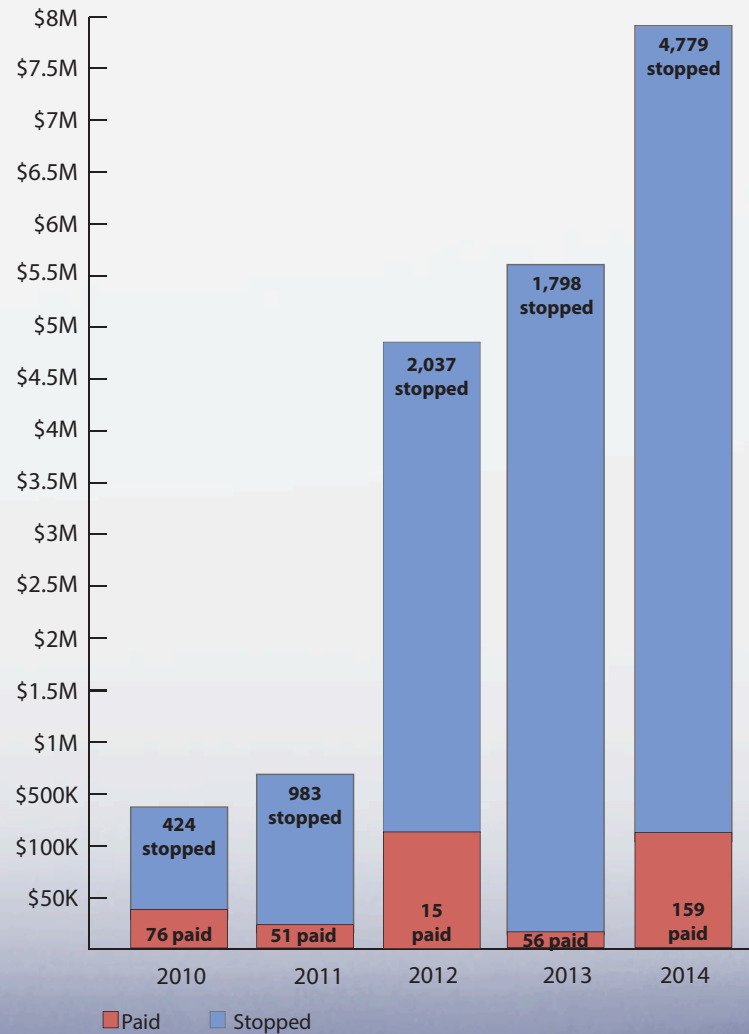


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# Refund fraud in Oregon



Source: DOR Personal Income Tax and Compliance program

Note: Paid amounts reflect unrecovered refund amounts.



# Future strategies

- As fraud evolves, so must Dept. of Revenue.
  - Use internal business rules.
  - Dedicated staff resources.
  - Implement data exchange with other states.
  - Proposed:
    - Commercial data analytics
      - Public data.
      - Identity quizzes.
    - Real-time withholding match during processing.



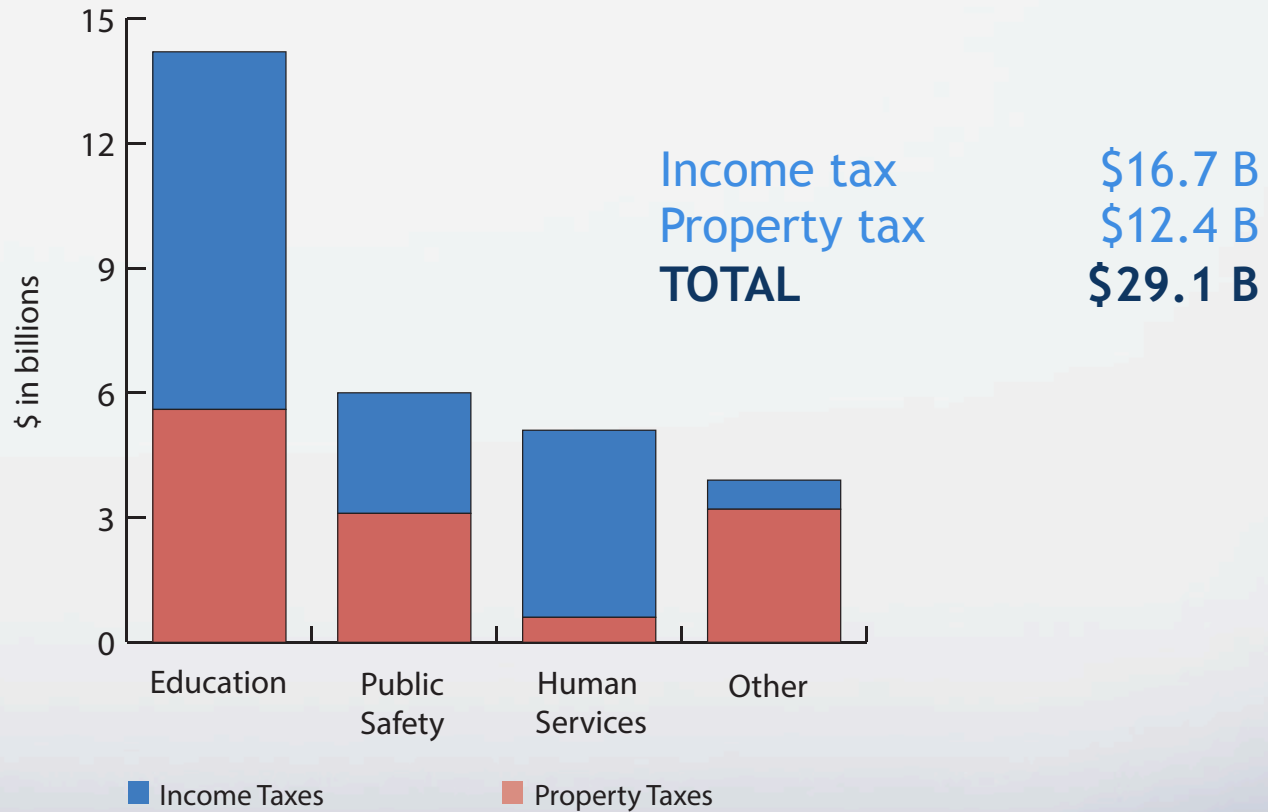
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# Funding of core services

State and local levels estimated for 2015-17



### Education

K-12 system  
ESDs  
Community colleges

### Public Safety

Sheriff  
Jail  
Police  
District attorney  
Fire

### Human Services

Public health  
Seniors  
Water  
Sewer

### Other

Libraries  
Parks & recreation





# Property Valuation System

- Current challenges:
  - Fragmented and unsupportable technology.
  - Non-industry standards of mass appraisal.
  - Increasing number of properties to appraise with decreasing staffing levels.
  - Lack of an integrated system.
  - No ability to communicate electronically with taxpayers, such as e-file or permit account access.
  - Lack of data analytics.



# Property Valuation System

- System benefits:
  - Integrate appraisal technology.
  - More broadly and equally employ appraisal industry standards.
  - Improve customer service.
  - Promote higher degree of confidence in Real Market Value outputs.
  - Provide a stable, long-term IT platform.
  - Increase the time available to focus on the appraisal process.



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# 2013 Tax Compliance Policy Option Package

As of December 31, 2014

<b>Cost</b>	<b>Revenue generation (as of December 31, 2014)</b>	<b>Revenue generation commitment</b>
\$3.8 million	\$29.4 million	\$33.1 million

<b>Employees hired</b>	<b>Focus areas</b>
12 tax auditors	Self-employed individuals, pass-through entities, and single issue audits.
10 revenue agents	Accounts receivable clean-up, tax collection.
6 revenue agents	Tax collection.
1 public service rep	Additional call center volume.
1 audit manager	Supervise auditors.
1 collections manager	Supervise collectors.

Source: DOR Personal Income Tax program





# Questions?

If you have additional questions after today please contact:

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