

Overview: Oregon Tax Administration

Joint Committee on Ways & Means
Subcommittee on General Government

March 9, 2015



Overview of week's presentations

- Day one:
 - Department of Revenue overview.
 - Enforcement policy option package report.
- Day two:
 - Core systems replacement.
 - Personal income tax fraud.
- Day three:
 - Income tax programs.
- Day four:
 - Property tax programs.
 - Public testimony.



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.

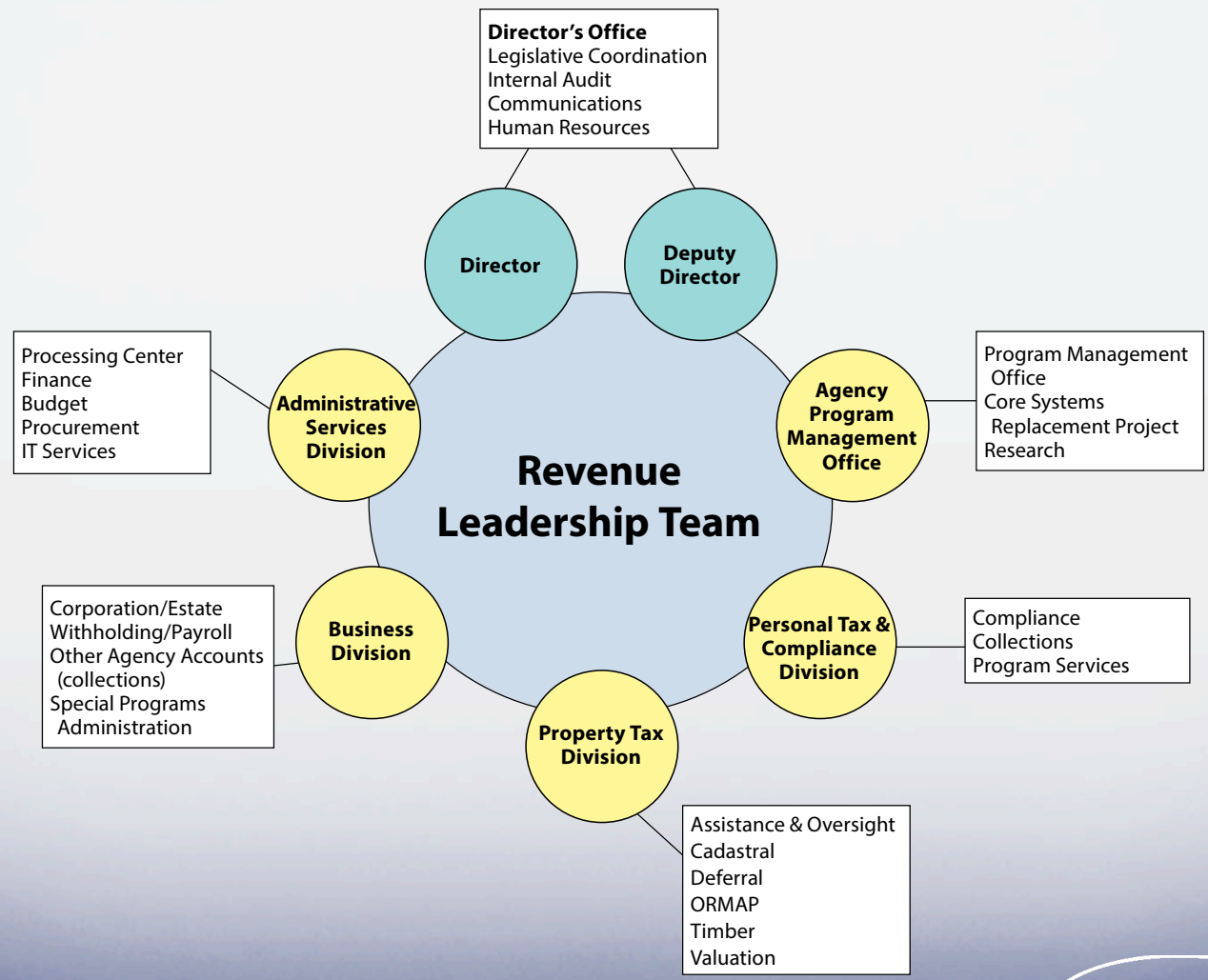
Values

Highly ethical conduct
Quality in relationships
Accountability

Fiscal Responsibility
Service and operational excellence
Continuous improvement



Revenue's Leadership Team



Revenue's major tax programs

Income taxes—personal, corporate

- Education
- Assistance
- Enforcement

Property tax

- County support, assistance, and oversight.
- Industrial and centrally assessed property valuation.

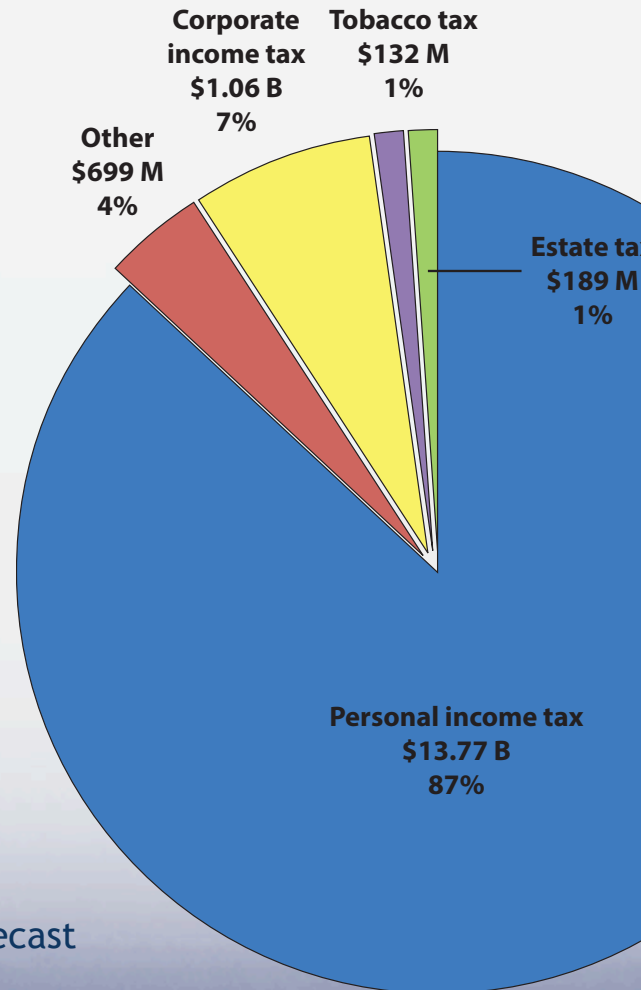
Cigarette and other tobacco taxes

- Distributor, wholesaler, retailer, consumer compliance.



2013-15 General Fund

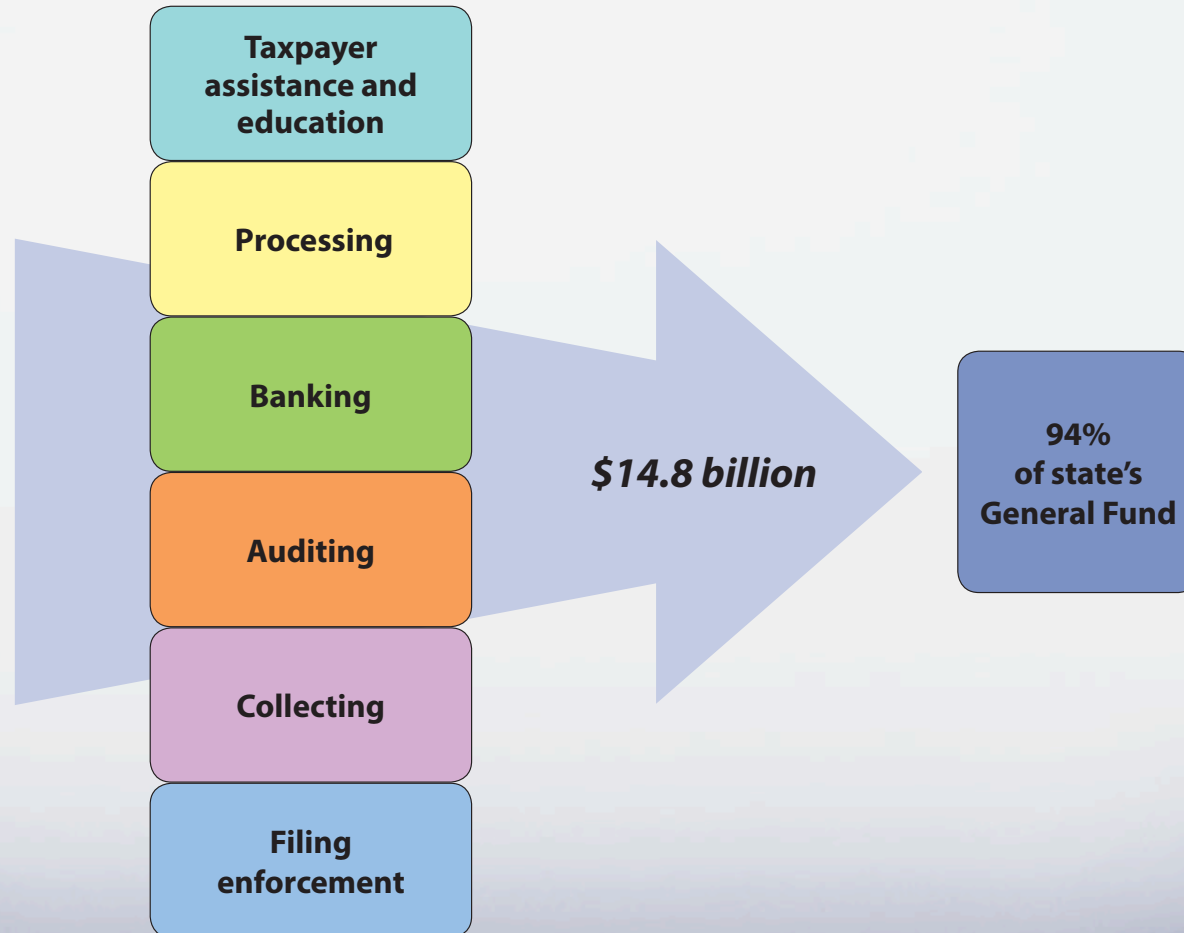
Net General Fund revenues: \$15.85 billion



2013-15 biennium
Source: December 2014 forecast



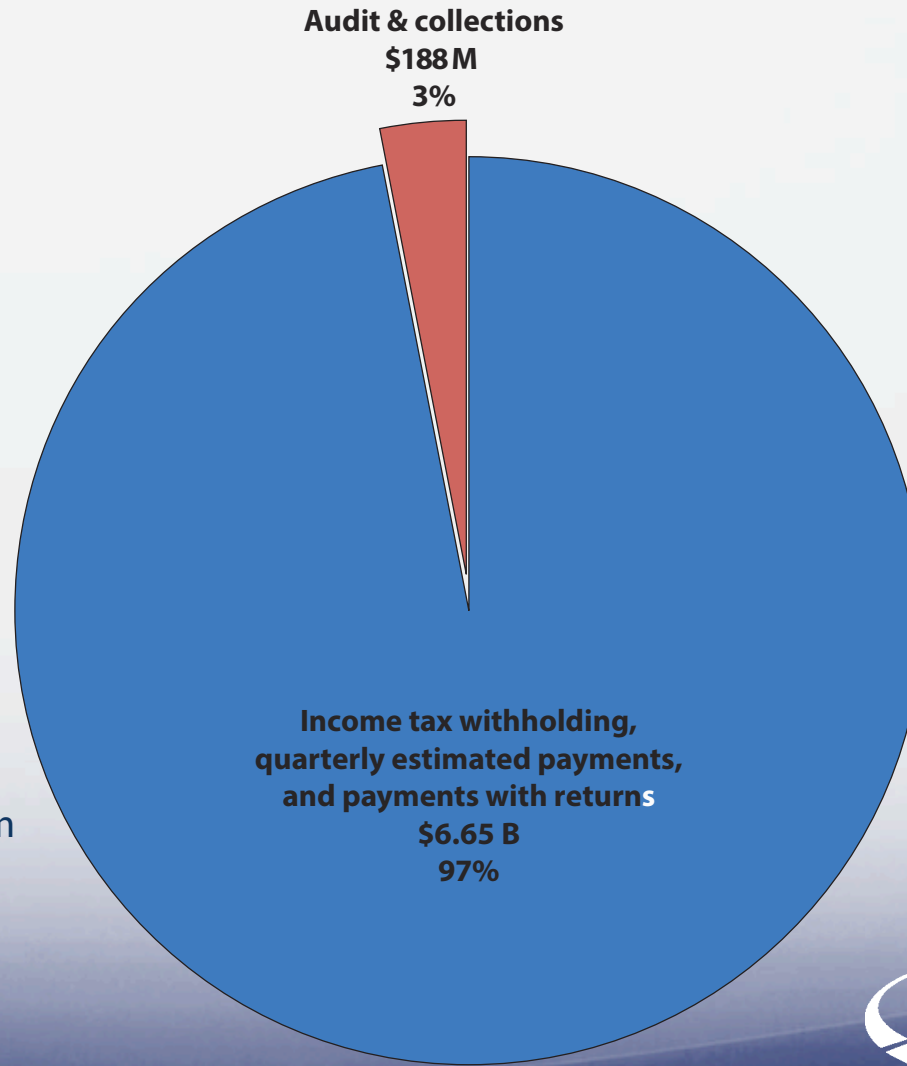
Income tax programs



2013-15 biennium
Source: December 2014 forecast

Personal income tax revenues

How they're paid



Fiscal year 2014
Source: DOR Research Section



Compliance Continuum

Agency

Propose tax legislation	Publish forms and instructions	Assist and educate taxpayers	Process return data and payments	Resolve errors and issue bills	Resolve protests	Audits	Collections	Litigation
-------------------------	--------------------------------	------------------------------	----------------------------------	--------------------------------	------------------	--------	-------------	------------

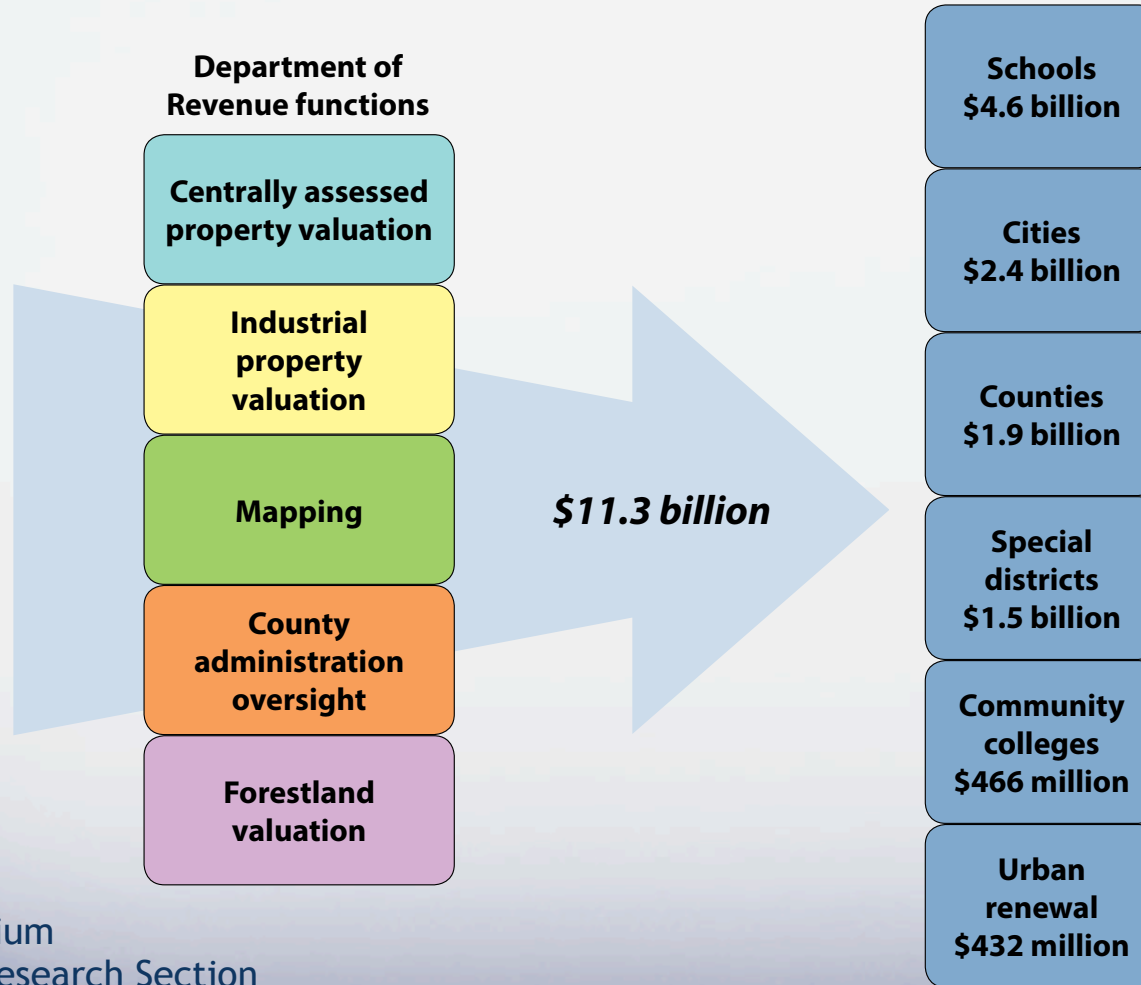


Learn about tax obligations	Review information	File returns and make payments	Answer questions about filing errors	Review bills and pay, or protest	Pay taxes found due after protest	Undergo audit	Collection defense	Litigation defense
-----------------------------	--------------------	--------------------------------	--------------------------------------	----------------------------------	-----------------------------------	---------------	--------------------	--------------------

Taxpayer



Property tax administration



2013-15 biennium
 Source: DOR Research Section

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

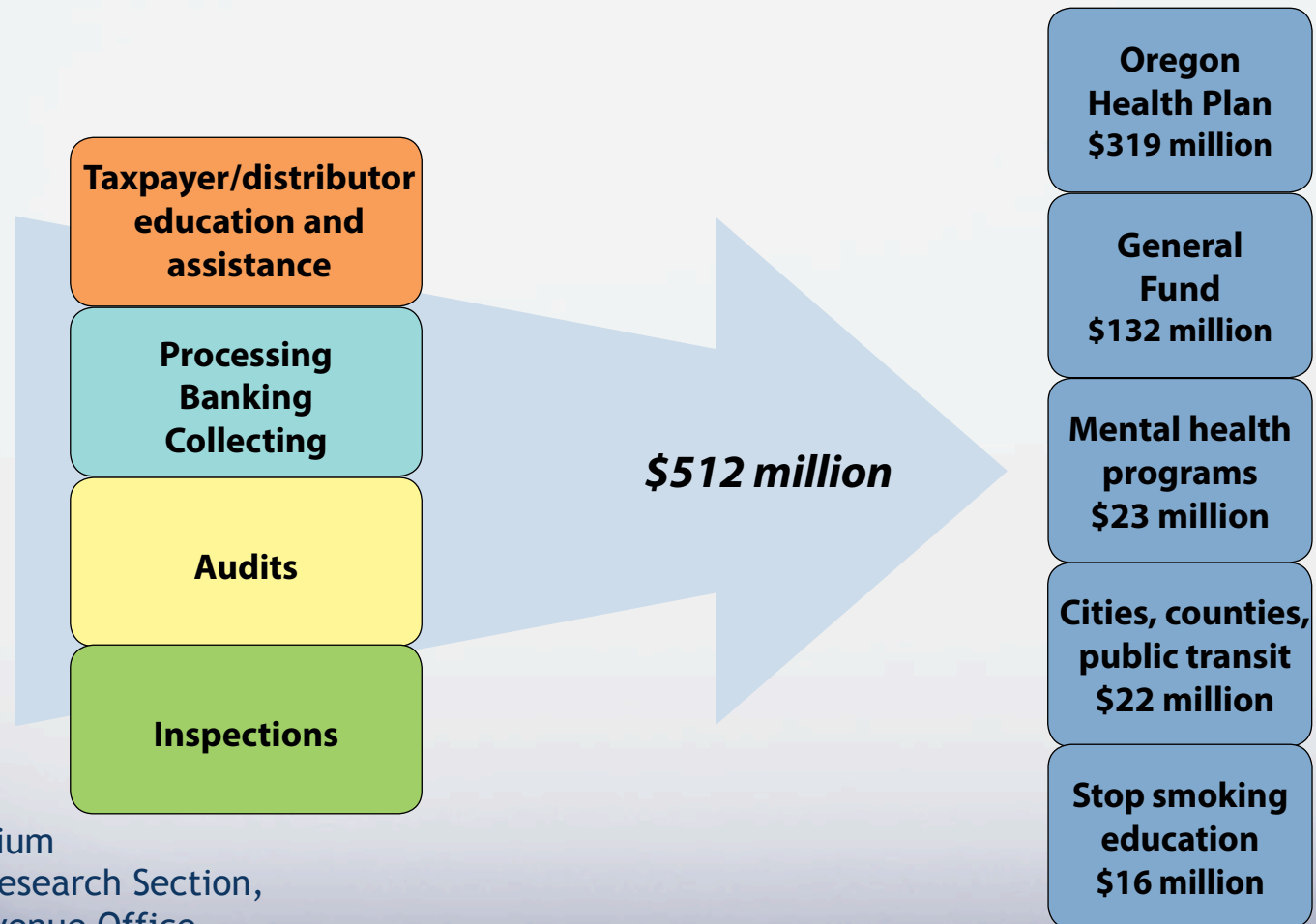
Libraries
Parks & recreation

Source: DOR Research Section

150-800-550 W&M Presentation (2-15)



Cigarette & tobacco taxes



2013-15 biennium
 Source: DOR Research Section,
 Legislative Revenue Office

Other taxes & services DOR administers

Estate tax

Emergency communications
(911) tax

State lodging tax

Hazardous substance fee

Amusement device tax

Petroleum load fee

Forest products harvest tax

Small-owner timber tax

Seniors, veterans, disabled
deferral programs

Transit taxes

Court fines and assessments

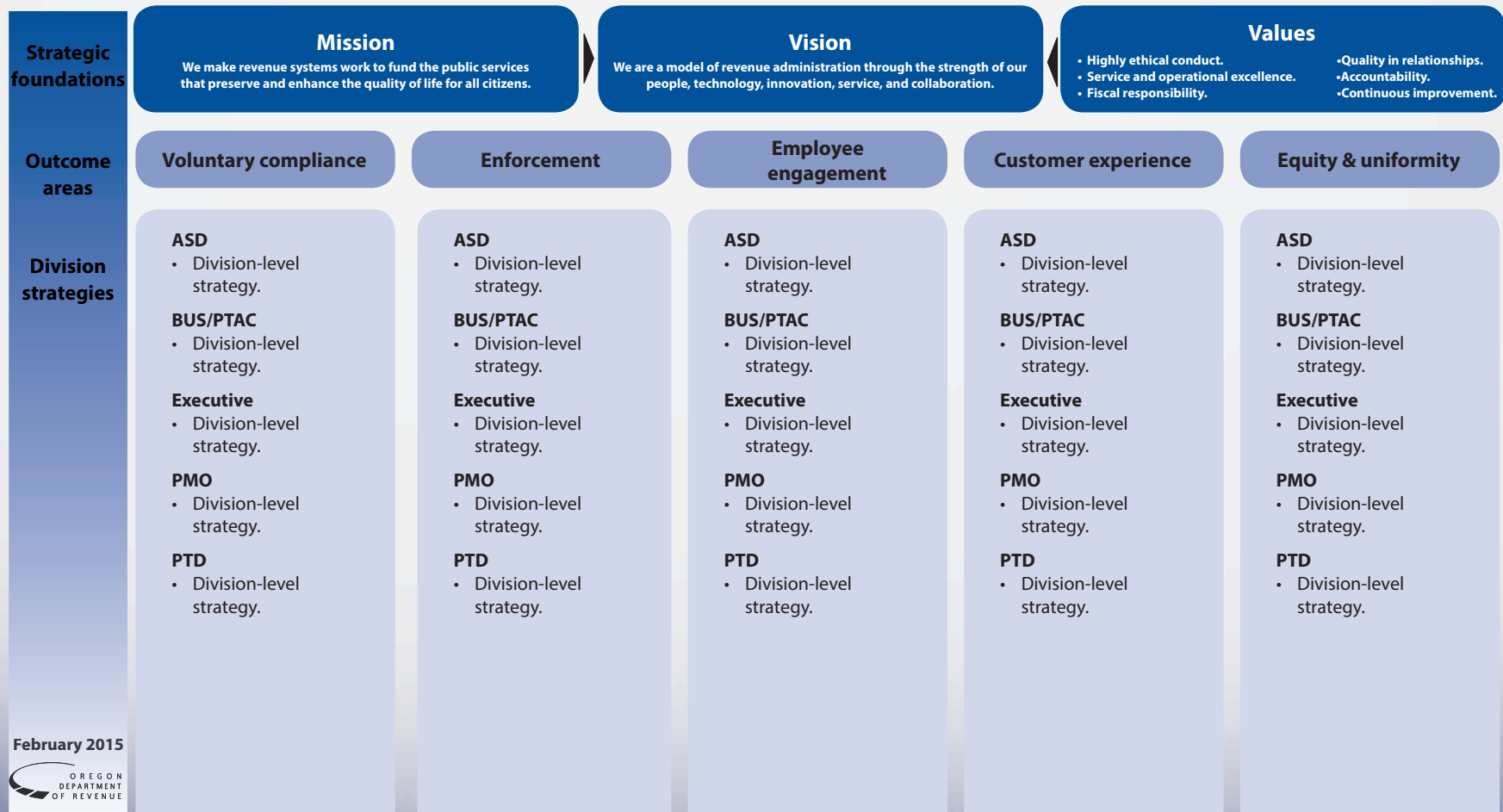
Other agency collections

Elderly Rental Assistance

Nonprofit homes for the
elderly



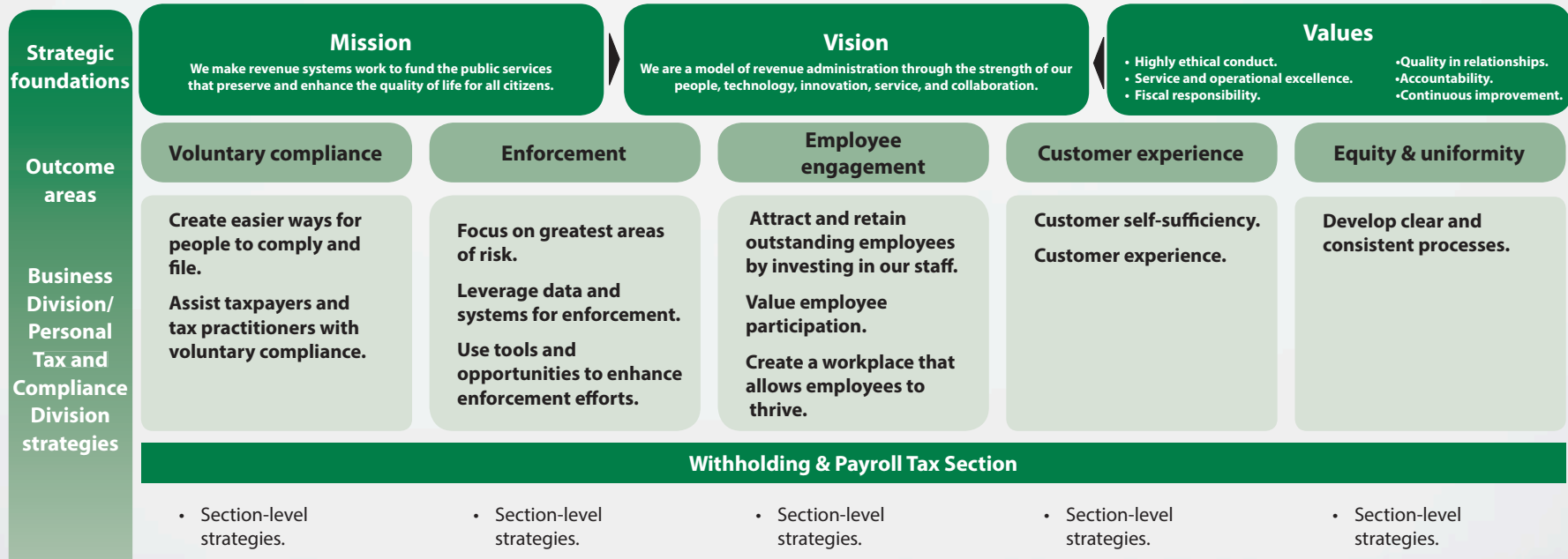
Revenue's strategic plan structure



February 2015



Section-level initiatives structure



February 2015



2013 Tax Compliance Policy Option Package

As of December 31, 2014

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

Employees hired	Focus areas
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



Accounts receivable clean-up

Write-off (ORS 293.240)

1. No assets located in three years.
2. No payments received in three years.
3. No correspondence received in three years.
4. Taxpayer not deceased.
5. No liabilities older than seven years.

2,836 liabilities and
\$4.3 million in debt written off.

Cancellation (ORS 305.155)

1. No assets located in three years.
2. No payments received in seven years.
3. No correspondence received in three years.
4. Account assigned to a field agent for more than a year.

28,818 liabilities and
\$58.4 million in debt cancelled.

Source: DOR Personal Income Tax program



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).



Major environmental factors

- 2008 recession and statewide accounts receivable management.
- County funding.



Questions?

If you have additional questions after today please contact:

Jim Bucholz

directors.office@oregon.gov

503-945-8214

