

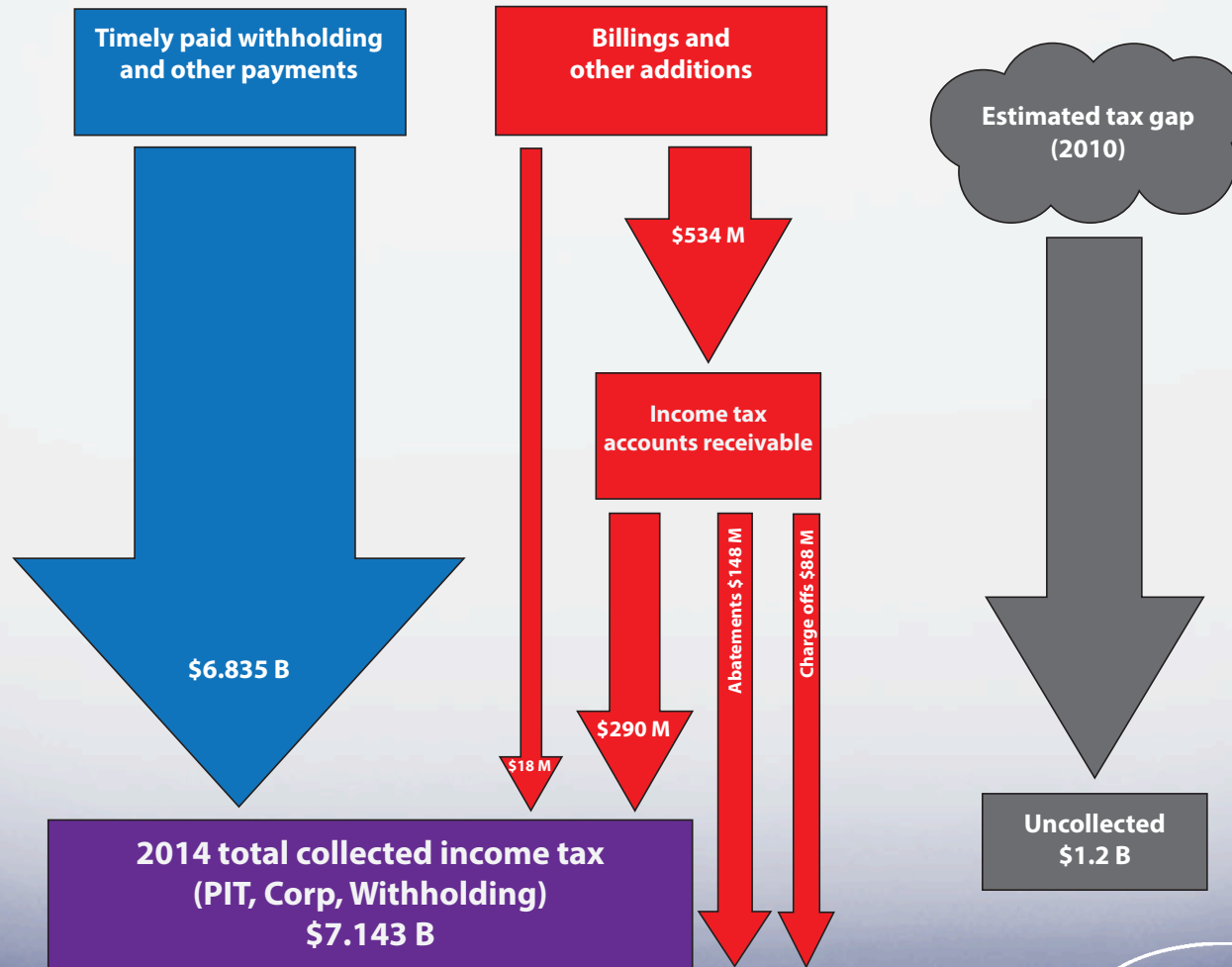
# 2015-17 Phase 2 Budget Discussion (continued)

Joint Committee on Ways & Means  
Subcommittee on General Government

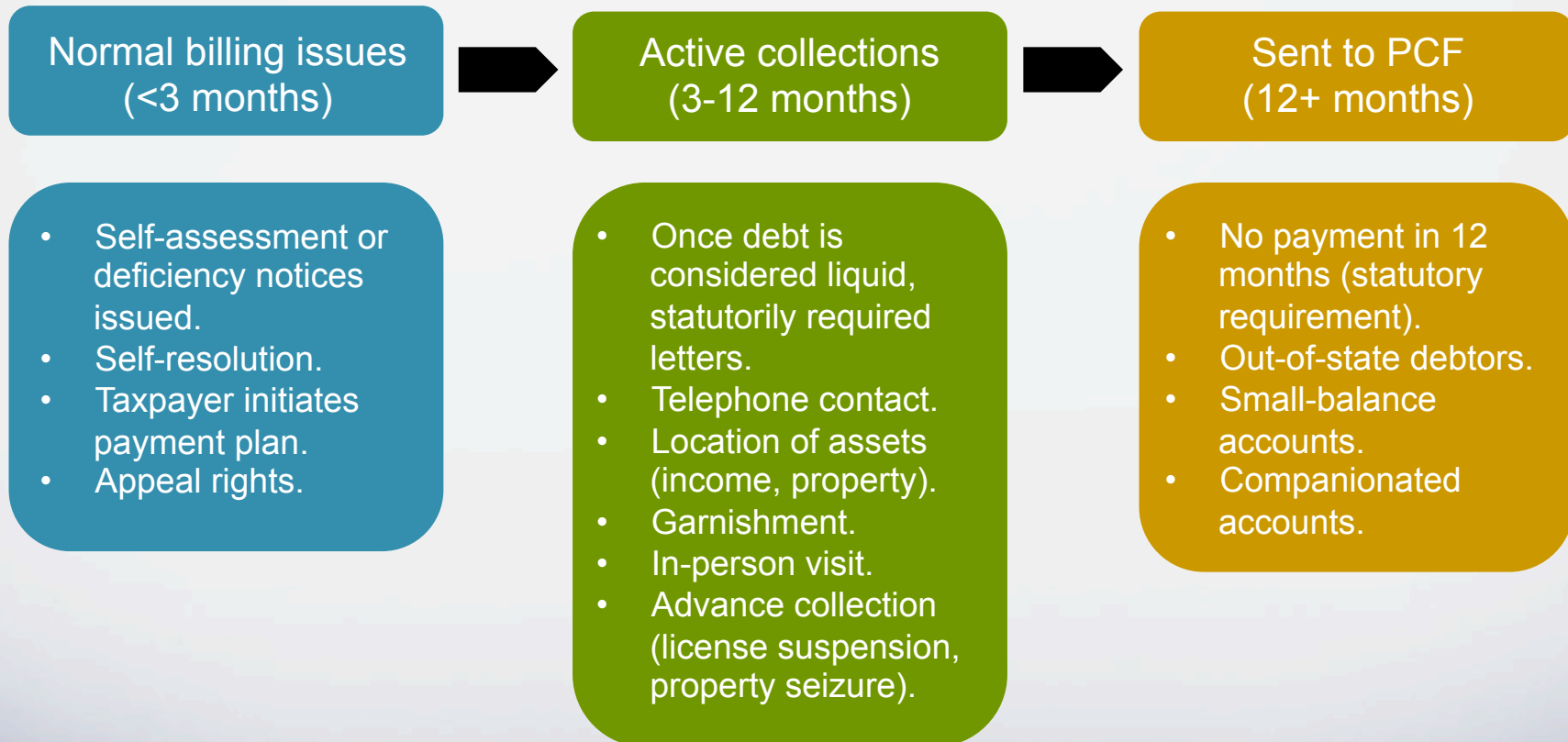
May 13, 2015



# How accounts receivables differ from the tax gap



# How does DOR collect the debt?



# Collections overview

Step One: Liquid and Delinquent.

Step Two: Demand for Payment.

Step Three: Distraint Warrant.

Step Four: Notice of Intent to Offset.



# Collections overview

## Statutory tools to resolve debt:

- Payment plans.
- Active collections.
- Settlement offers.
- Write-offs.
- Cancellations.
- Abatements.



# Collections overview

## Payment plans

- Taxpayer Bill of Rights.
- Can be set up online.
- Automatic up to 12 months.
- Extended payment plans available.
  - Financial situation review.
  - Manager approval.



# Collections overview

## Active collections

Occurs when TP doesn't engage with us.

OR

When TP breaks a promised payment plan.



# Collections overview

## Active collections

- Notice of Garnishment.
  - Wage garnishment.
  - Bank garnishment.
- Treasury Offset Program (TOP)/State Income Tax Levy Program (SITLP).
- State reciprocal offset (federal vendor offset).
- Referral to a Private Collection Firm (PCF).





# Collections overview

## Advanced active collections

- Till-taps.
- Personal property seizures (vehicles, safe-deposit boxes, etc.).
- Stock sales.
- License suspension
  - Notice of Intent to Suspend.



# Collections overview

## Settlement offers

- TP has no assets or ability to borrow against assets.
- Generally difficult debt to collect.
- Good-faith down payment required.
- Future compliance required.
- Agreed upon debt cancelled upon completion of terms.



# 2014 Accounts receivable adjustments

## 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.

**\$12.9 million** in debt written off.

## Cancellation (ORS 305.155)

1. Tax has been delinquent seven or more years.
2. All reasonable efforts have been made to collect.
3. Taxpayer can't be located or is deceased.
4. The tax is wholly uncollectable.

**\$75.1 million** in debt cancelled.

## Abatement

1. "True returns" filed after a filing enforcement action.
2. Penalty waived to encourage future voluntary compliance.
3. Successful taxpayer appeals or settlements.
4. Amended returns reducing liability.

**\$148.2 million** in debt abated.

Source: DOR Income Tax programs (personal, corporate, withholding)



# Recent legislative action

As part of our biennial review process, we bring ideas forward as we identify them. (ORS 305.170)

- 2013 Legislation:
  - SB 183—Notices sent by electronic means.
  - SB 184—Garnishments sent by regular mail.
  - SB 185—Garnishments not signed by hand.



# Future legislative action?

## Concepts being requested for current legislature

- Fraud POP.
- Real-time Withholding match POP.

## Concepts being developed for future legislatures

- Financial Institution Data Match.
- New-hire reporting.
- Electronic garnishments.

# Collections Section: strategies and measures

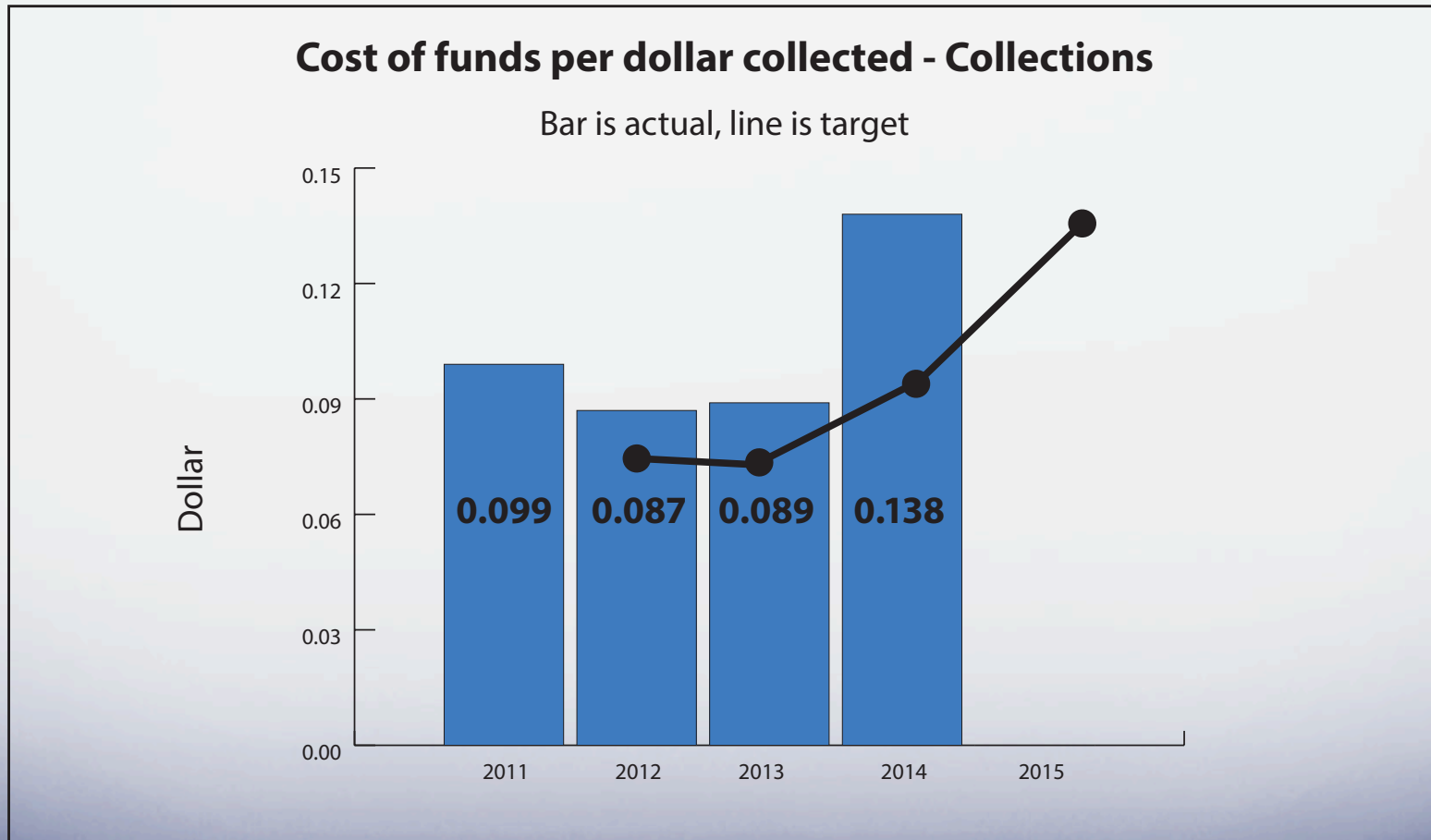


# Current Strategies

- Work new liabilities sooner.
- Partnering with our Research Section to approach “old” debt in new ways.
- Redeployment of staff to increase efficiencies & take advantage of opportunities to connect with taxpayers.
- Reaching & maintaining full staffing.
- Addition of third Private Collection Firm.



# KPM 17—Collection Cost of Funds



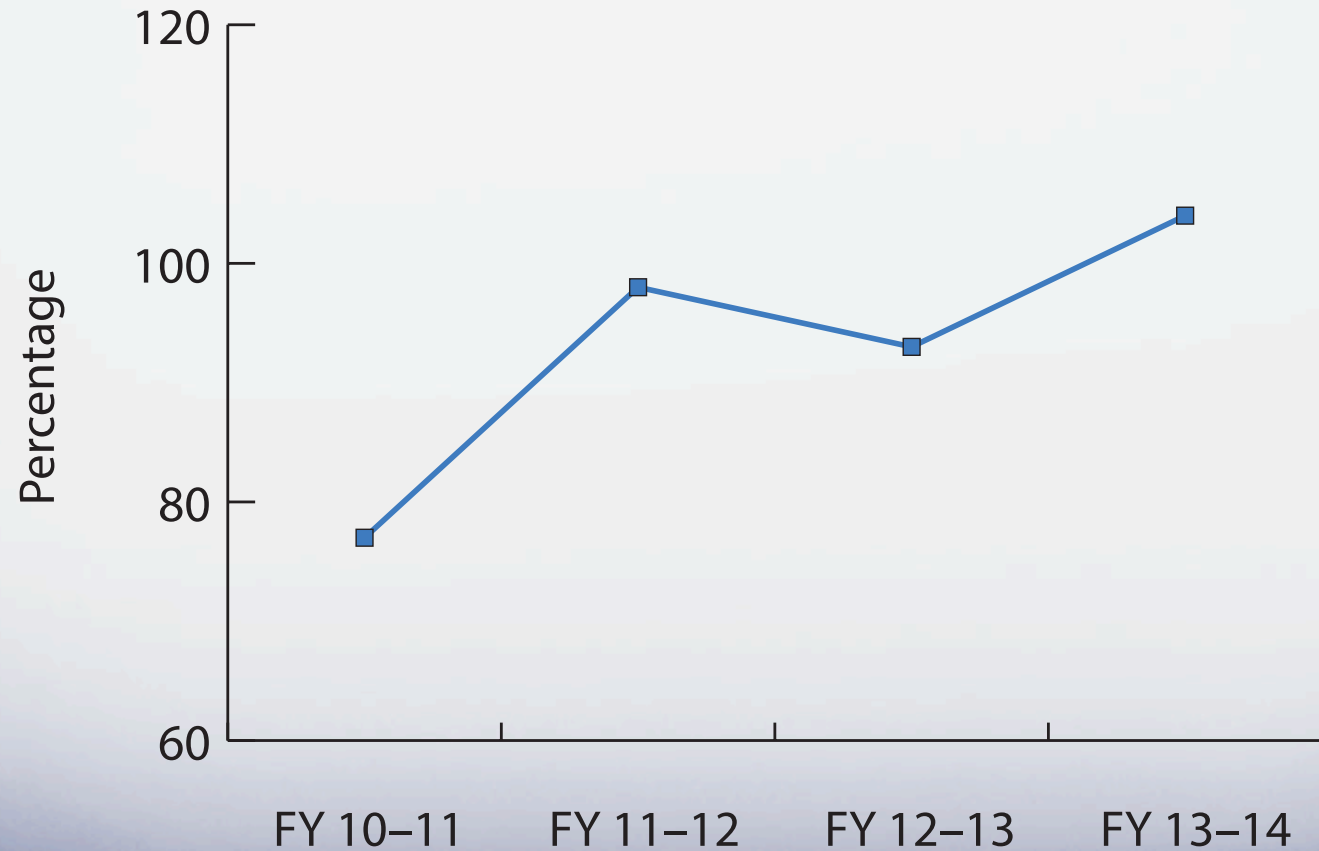
Source: DOR Personal Income and Corporation tax programs

150-800-550 W&M Phase 2 (4-15)





# Ratio of debt resolved vs. added



Source: DOR Personal Income and Corporation tax programs

150-800-550 W&M Phase 2 (4-15)



# Future

- Use data & analytics to measure the efficacy of collections tools.
- Use GenTax to ensure the appropriate actions are taken on liabilities in a timely manner.
- Use data & analytics for account scoring, deployment of advanced collections tools, and using PCF partners effectively.
- Use automation opportunities to allow staff to focus on collection activities that require a “human touch.”
- Create more opportunities for taxpayers to be self-sufficient in resolving tax debt.



# How can the Legislature help Revenue?



# Questions?

If you have additional questions after today please contact:

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