

House Committee on Revenue

February 3, 2016

HB 4131, Collection Tools for Dept. of Revenue

Summary

HB 4131 creates two new collection tools for the Department of Revenue. The proposed -5 amendments replace the bill and include technical refinements from Department of Revenue, the Department of Justice, the Northwest Credit Union Association and the Oregon Bankers' Association (OBA), although we understand OBA may have further amendments forthcoming.

First and generally, the bill requires the department to work with financial institutions in Oregon to develop a quarterly matching system that helps the department identify assets of delinquent debtors that are held in financial institutions. The bill creates a priority for matched delinquent debtors that are also delinquent child support obligors, placing child support debt ahead of debt that DOR collects. It creates penalties for unlawful disclosure.

The bill also allows the Dept. of Justice's Division of Child Support (DCS) to share with DOR its data on newly hired employees in Oregon. Employers are already required to report to DCS new and rehired employees within 20 days of the hiring of the worker. Currently DOR obtains employment information through employer payroll reports, but it takes up to six months to obtain that information. This bill allows DOR to receive employment information as soon as DCS has it available. This bill does not create new requirements on businesses. It merely allows DCS to share with DOR the information it's already receiving.

Background

In 2009, the Legislature considered a bill that would have required a Financial Institution Data Match system for the debt that DOR collects that is similar to the current national process for child support. Because the debt collection component was still largely new across the nation back in 2009 and there were many concerns raised during the legislative process, DOR was instead asked to determine the viability of a data match system to increase debt collections in Oregon. We presented that study in March 2011 stating that the use of the FIDM system for collecting tax debt was still in its infancy and that we needed time to develop it further with our partners. Since then, the department has been working with industry partners that would be affected by it to determine ways to overcome the issues that had been raised in 2010 relating to the concept.

The New Hire reporting tool is part of the national effort at collecting past due child support but because it was a federal tool, it had been determined that the data was unable to be shared with us. Recently, DOJ has opined that it can in fact share the information with DOR as state data before it becomes part of the federal system. As a result, this bill grants us access to that information for the first time.



Legislative Testimony

In 2015, the Secretary of State audited state agency collection practices and spent quite a bit of time with our agency. As a result of conversations with us, they learned that the state had not yet been able to obtain these two tools. In their September 2015 report, they reported that these tools are widely used in other states and that the state should be using them.

As stewards of taxpayer monies, we have the obligation to be as effective as we can when collecting the debt that is owed to the state. These tools will help us prioritize our work and help us focus our collection efforts more appropriately. For those reasons, we ask for your support of Rep. Taylor's bill as we believe it will help us collect the debt owed to the State of Oregon more effectively than we can currently.

For more information about this testimony, contact Deanna Mack 503-947-2082.