

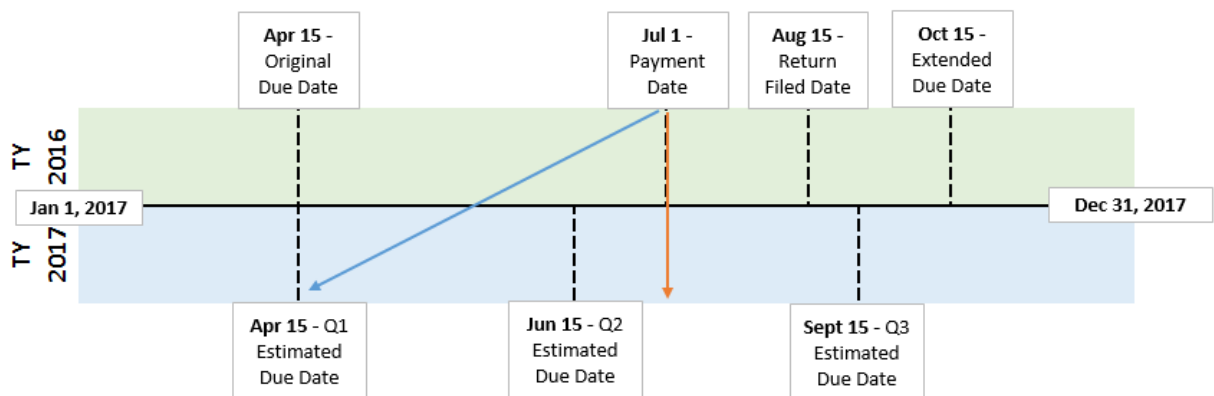
**From:** MACK Deanna D \* DOR  
**To:** [LRO: KLEIN Edward](#)  
**Subject:** FW: HB 2283 talking points  
**Date:** Tuesday, March 14, 2017 2:27:50 PM  
**Attachments:** [image001.png](#)

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**From:** WILLIAMS Lois J \* DOR  
**Sent:** Tuesday, March 14, 2017 9:56 AM  
**To:** BRONIAK Christine <Christine.Broniak@state.or.us>  
**Cc:** MACK Deanna D \* DOR <Deanna.D.MACK@oregon.gov>  
**Subject:** HB 2283 talking points

Hi Christine: Here are some bullet points in relation to HB 2283, along with some feedback to written comments submitted by Donna Bleiler. Please share with the House Revenue committee, as discussed on Monday afternoon. We plan to be present for the Tuesday work session and can explain further, if needed.

- The intent of HB 2283 is to allow a taxpayer's refund to be applied to their subsequent year's correct estimated tax installment. Under the bill, the refund will be posted as of the first estimated tax installment due date (usually April 15<sup>th</sup>) or, if a payment was made after April 15<sup>th</sup> that resulted in a refund, the date the payment was made.
  - This situation occurs when taxpayers submit an extension to file their tax return up to October 15<sup>th</sup>, but make a payment sometime between April and October. That payment may end up causing them to be overpaid. If the overpayment ultimately results in a refund that they want applied to the next year's estimated tax installments, it will be applied to the next year's estimated tax installment as of the date they made the payment, rather than backdating it to April 15<sup>th</sup>. See the graph below.
  - As a result of this change, a taxpayer could be underpaid on their estimated tax installments for the subsequent year, causing them to owe interest on underpayment of estimated tax for that subsequent year. However, the state did not have use of the money until the taxpayer actually made their payment. The taxpayer had use of their money from April 15<sup>th</sup> through the date of their payment.



The **blue** line represents ORS 316.583, which currently allows the overpayment to apply as of the first estimated due date. The **orange** lines represents HB 2283, which will allow the overpayment to apply as of the date the payment was made.

- Ms. Bleiler's written comments appear to pertain to the fact that under Oregon (and federal) law, taxpayers must remit their taxes throughout the year, either through withholding or estimated tax payments (i.e., the tax system is considered a "pay as you go" system). The state does have use of taxpayer funds throughout the year, but does not pay interest on any overpayments to taxpayers until 45 days after the return due date or 45 days after the taxpayer files their return, whichever is later.
- In contrast, the state does charge taxpayers interest when they do not make sufficient payments throughout the year (underpayment of estimated tax).
- Ms. Bleiler suggests this is not equitable. HB 2283, however, does not address this facet of the tax system; it merely allows the department to more accurately post when a payment was actually received.

Please let me know if you have any questions.

**Lois Williams, Agency Rules Coordinator**  
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