

# Department of Revenue 2017-19 Governor's Budget and Budget Adjustments

Joint Committee on Ways and Means  
Subcommittee on General Government

May 11, 2017



# Administration

Reductions	Impact
<ul style="list-style-type: none"><li>• DO: \$744,601 General Fund and \$94,330 Other Fund limitation - 5 positions/5.00 FTE</li></ul>	These reductions will reduce administrative support for the Directors Office, HR, and agency operations and the departments ability to perform internal audits.

# Administration

Reductions	Impact
<ul style="list-style-type: none"> <li>GSD/PMO: \$808,000 General Fund and \$68,420 Other Fund limitation - 4 positions/3.00 FTE</li> </ul>	<p>We have directly seen the positive impact that the PMO has provided for our Core System Replacement project. Especially in the area of budget management, where we have been able to successfully plan and track every dollar spent over the life of the project. This skill is needed moving forward with the potential for beginning new efforts such as PVS and PCM.</p> <p>In addition, project and portfolio management are areas at DOR that are already under staffed. Losing the PMO would put at risk our ability to manage larger, complex projects.</p>

# Administration

Reductions	Impact
<ul style="list-style-type: none"><li>ASD: \$6,638,561 General Fund and 635,310 Other Fund limitation - 42 positions/34.60</li></ul>	Eliminating these positions will compromise the section's ability to process paper tax returns and payments; causing significant delays. Additionally, we won't be able to implement the Processing Center Modernization project. Finance information will continue to be inaccurate and SoS audit findings will continue.

# Administration

## (continued)

### Impact

With the introduction of GenTax and the State's new VOIP phone system, the number of incidents/tickets coming into this area has increased by over 50%. With this increase, along with a decrease in staff, it's unlikely that we'd be able to sustain our ability to support DOR business and respond to legislative changes timely.

# Administration

- Moves the Marijuana Tax revenue from Common School Fund to State School Fund in the Department of Education.
- Recommends moving the Research Unit to the Directors Office.
- Phased out \$912,728 in General Fund and \$387,272 Other Fund limitation for the Processing Center Lifecycle project.

# Administration

- Policy Option Package 102 - Post CSR addback
  - \$2 million in General Fund for Services and Supplies to pay for additional data center charges.
  - \$1.8 million in General Fund for Services and Supplies for the continued warranty option for GenTax software.
- Policy Option Package 112 - Processing Center Lifecycle
  - \$651,962 General Fund and \$101,751 Other Fund limitation for software maintenance and support of existing systems.

# Property Tax

Reduction	Impact
<ul style="list-style-type: none"><li>Revenue shortfall package - Reduced \$1.8 million Other Fund limitation 3 positions/6.35 FTE</li></ul>	Appraisers = reduced quality of our appraisal work leading to more appeals, more supervisory orders to correct values, increased errors in values, and decreased taxpayer satisfaction. Loss of revenue to local governments from reductions in value from appeals.



# Personal Income Tax and Compliance

Reductions	Impact
<ul style="list-style-type: none"><li>Reduced \$7,162,898 General Fund and \$306,640 Other Fund limitation - 41 positions/39.50 FTE</li></ul>	<p>The division consists of enforcement positions which generate revenue and positions which support the voluntary stream of compliance. For the most part these reductions represent an across the board cut for the program. Reductions will impact audit, collections, filing enforcement, return processing and review as well as policy and customer service.</p>

# Personal Income Tax and Compliance

- Phased out \$361,204 in General Fund Services and Supplies for one-time enhancements for fraud analytics.

# Business

Reductions	Impact
<ul style="list-style-type: none"> <li>Reduced \$2,594,701 General Fund and \$229,301 Other Fund limitation - 8 positions/11.00 FTE</li> </ul>	<p>We've automated some processes through the CSR project that lead to a reduction of work for the AS1 positions identified for reduction. While that is true, the positions could be used elsewhere in the division for downstream work created by the automation. However, most of the reductions impact the division's ability to identify and assess underreported payroll withholding taxes (CS2), corporate income and excise taxes (TA2), overall revenue collection (RA1), and management of division staff (PEMC). The exact extent to which revenue would be reduced is unclear.</p>

# Business

- Phased out \$633,920 in Other Fund limitation for one time costs associated with the Marijuana Tax program.
- Policy Option Package 111 - OSP Security Contract
  - \$164,000 Other Fund limitation from the Marijuana Tax program.

# Other GRB Actions

- Phased out \$1.5 million in General Fund for the Elderly Rental Assistance program to align with caseload.
- Policy Option Package 104 Core System Replacement
  - \$1.0 million in General Fund for GenTax annual maintenance and support.
  - \$9.5 million in Other Fund limitation.
  - Debt Services costs of \$1.7 million in General Fund.
- Policy Option Package 101 Property Valuation System
  - \$4.3 million in General Fund and Other Fund limitation.
  - Debt Services costs of \$820,8947 in General Fund.

# Budget Adjustments

- Adjustments to Other Fund limitation.
- Add back 6 Senior Property Tax Deferral positions that were approved at the September 2016 Eboard.
- Corrections to Debt Service.
- Base budget adjustment in Elderly Rental Assistance of \$3,350,409 Other Fund limitation.
- Adding an Accounting Manager position.
- Adding positions and FTE to OAA.

# Questions?

If you have additional questions after today please contact:

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