

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Ways and Means Full Committee
From: General Government Subcommittee
Re: SB 5535 Department of Revenue

Senator Manning: “SB 5535 is the budget bill for the Department of Revenue. The Department is primarily responsible for the consistent application of the state’s property tax program and enforcement of Oregon’s income tax laws.

The General Government Subcommittee approved a total budget of \$314.2 million total funds, including: \$201 million General Fund and \$113.2 million Other Funds. The total funds budget is a 4.4% decrease from the 2015-17 legislatively approved budget and a 1.7% decrease from the 2017-19 current service level budget. The budget includes 966 positions and 920.60 FTE.

The Subcommittee’s recommendation are based on six core principles: safeguarding revenue generating capability and improving collections; restoring legislative budgetary control; improving financial management; improving and enhance customer service; conducting an external organizational review; and providing for a period of stabilization until automation is fully operationalized.

Budgetary actions are linked to these six core principles and include: investments in the Core Systems Replacement project implementation and restarting a project to modernize the processing of tax returns; adding financial management staff; funding for an external audit; funding for an external management assessment; adding customer service staff; aligning the budget with forecasted activities; and eliminating 86 vacant positions. The budget also transfers three information technology positions to the Department of Administrative Services.

The budget report includes nine budget notes related to: a Collections Division feasibility study; a comprehensive external audit; a state accounting and budget review; an external Outcome-Based Management assessment; a review of personnel practices and legislatively authorized positions; restarting the Processing Center Modernization Project; improving delivery of taxpayer assistance; a 2018 Tax Season Readiness report; and Core Systems Replacement Project reporting.

While the Department will be under heightened scrutiny, and much work is to be done, the Subcommittee heard that there is an equally high degree of commitment on behalf of the Governor, the Executive Branch, and the Legislature to support the drive to make improvements to the Department of Revenue whose efficient and effective operation is vital to the State of Oregon.

The Subcommittee approved the agency's Key Performance Measures and targets with direction that the agency will work with the Department of Administrative Services - Chief Financial Office to conduct a comprehensive review of existing Key Performance Measures, data, and targets and report back to the Legislature in 2019.

The General Government Subcommittee recommends SB 5535 be amended by the -1 amendment and be reported out do pass, as amended."