

Department of Revenue Administrative Overview

Senate Committee on Finance and
Revenue
February 2, 2017



Agenda

- Agency overview.
- Transition and stabilization related to our Core Systems Replacement Project.
- Overview of Governor's revenue proposals.



Who we are

Mission

We make revenue systems work to fund the public services that preserve and enhance the quality of life for all citizens.

Vision

We are a model of revenue administration through the strength of our people, technology, innovation, service and collaboration.

Values

Highly ethical conduct
Quality in relationships
Accountability

Fiscal responsibility
Service and operational excellence
Continuous improvement



Department of Revenue

Major tax programs:

- Income programs—personal and corporate.
- Property tax administration.
- Cigarette and other tobacco.
- Marijuana.
- Other taxes (estate transfer, state lodging, 9-1-1, etc.).
- Other Agency Accounts (OAA) and other partnerships.
- Assistance programs (senior and disabled deferral, non-profit homes property tax exemption).



Revenue's major tax programs

Income taxes—personal, corporate

- Education
- Assistance
- Enforcement

Property tax

- County support, assistance, and oversight.
- Industrial and centrally assessed property valuation.

Cigarette and other tobacco taxes

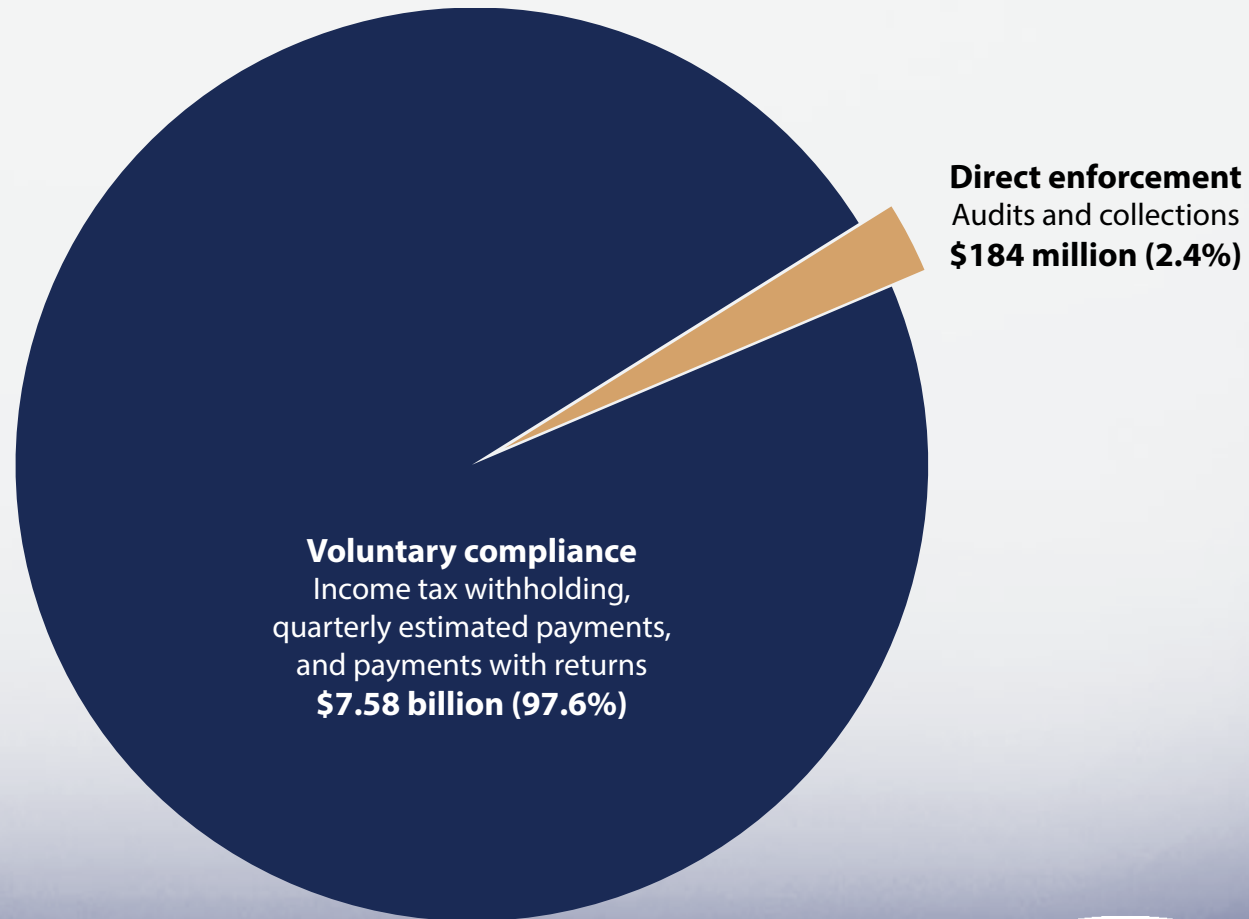
- Distributor, wholesaler, retailer, consumer compliance.

Marijuana tax



Personal income tax revenues

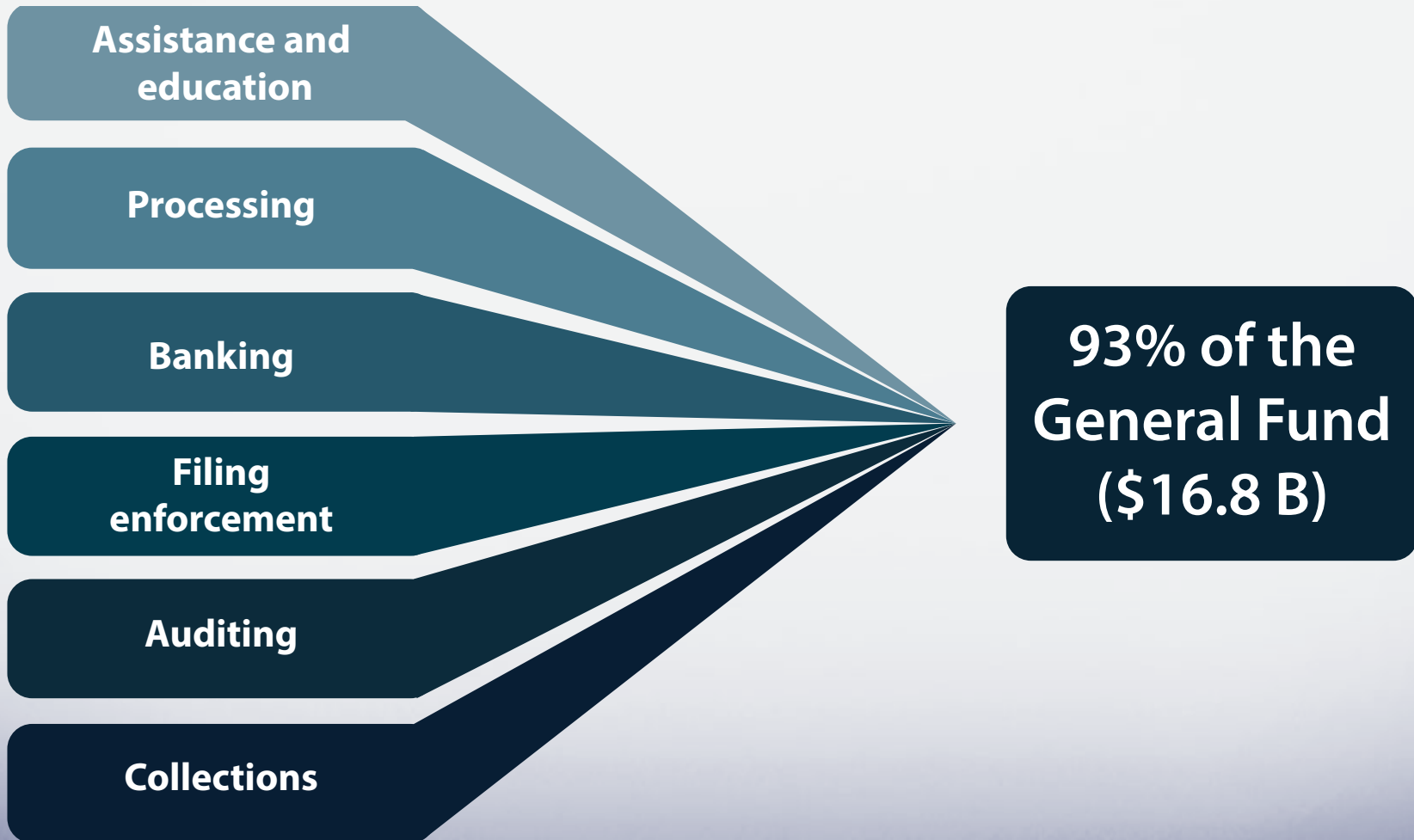
How they're paid



*Fiscal year 2016
DOR Research Section*



Income tax programs' revenue

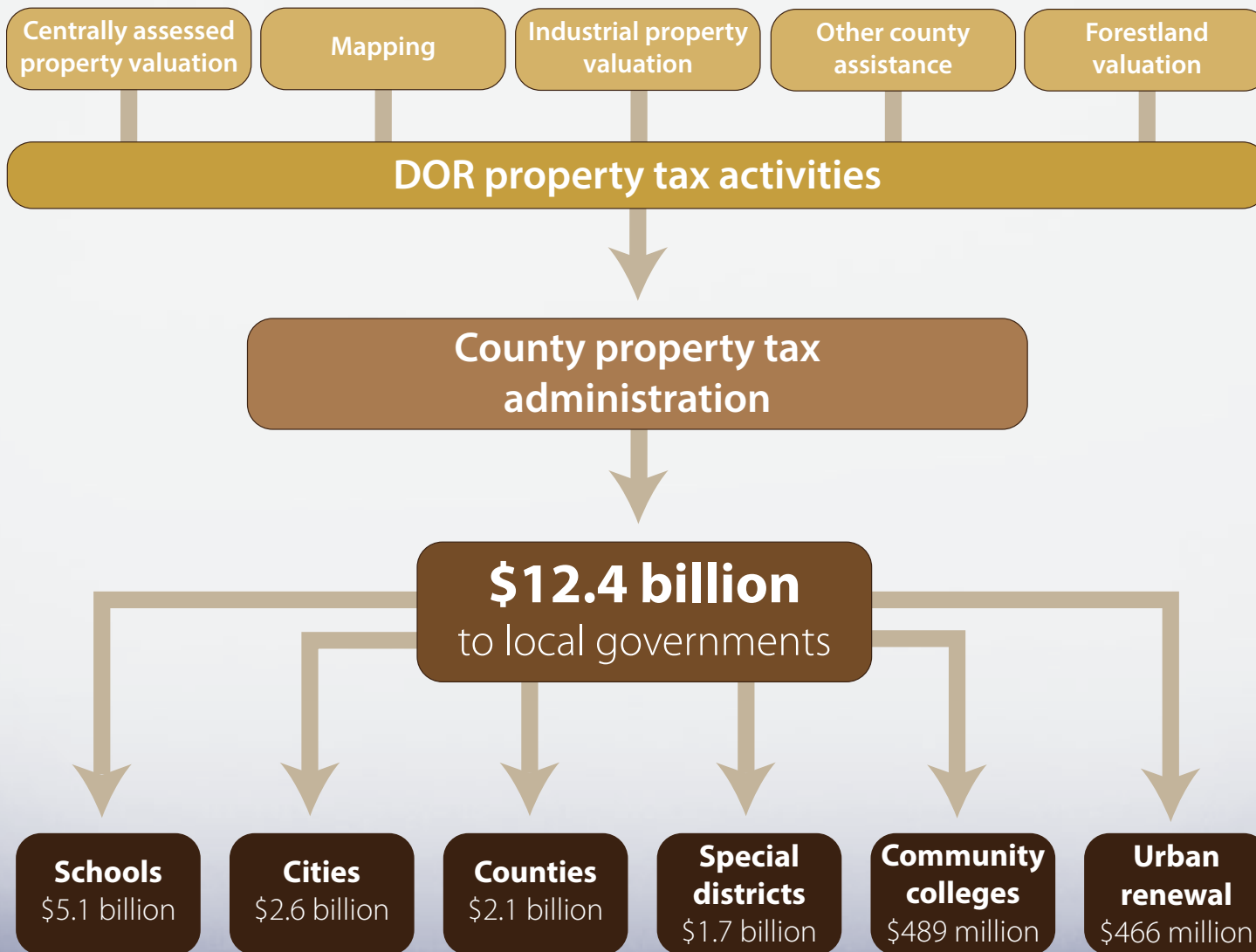


2015-17 biennium
December 2016 Revenue Forecast

800-550 SFRC Tax administration update (2-17)



Property tax overview



2015-17 biennium
DOR Research Section



Property tax overview

Role of Oregon's 36 counties.

- Primary administration of all aspects of the system.

Role of Department of Revenue.

- Assistance to counties, districts and taxpayers.
- Oversight of the system.
- Valuation of certain properties.



Funding of core services

State and local levels estimated for 2015-17



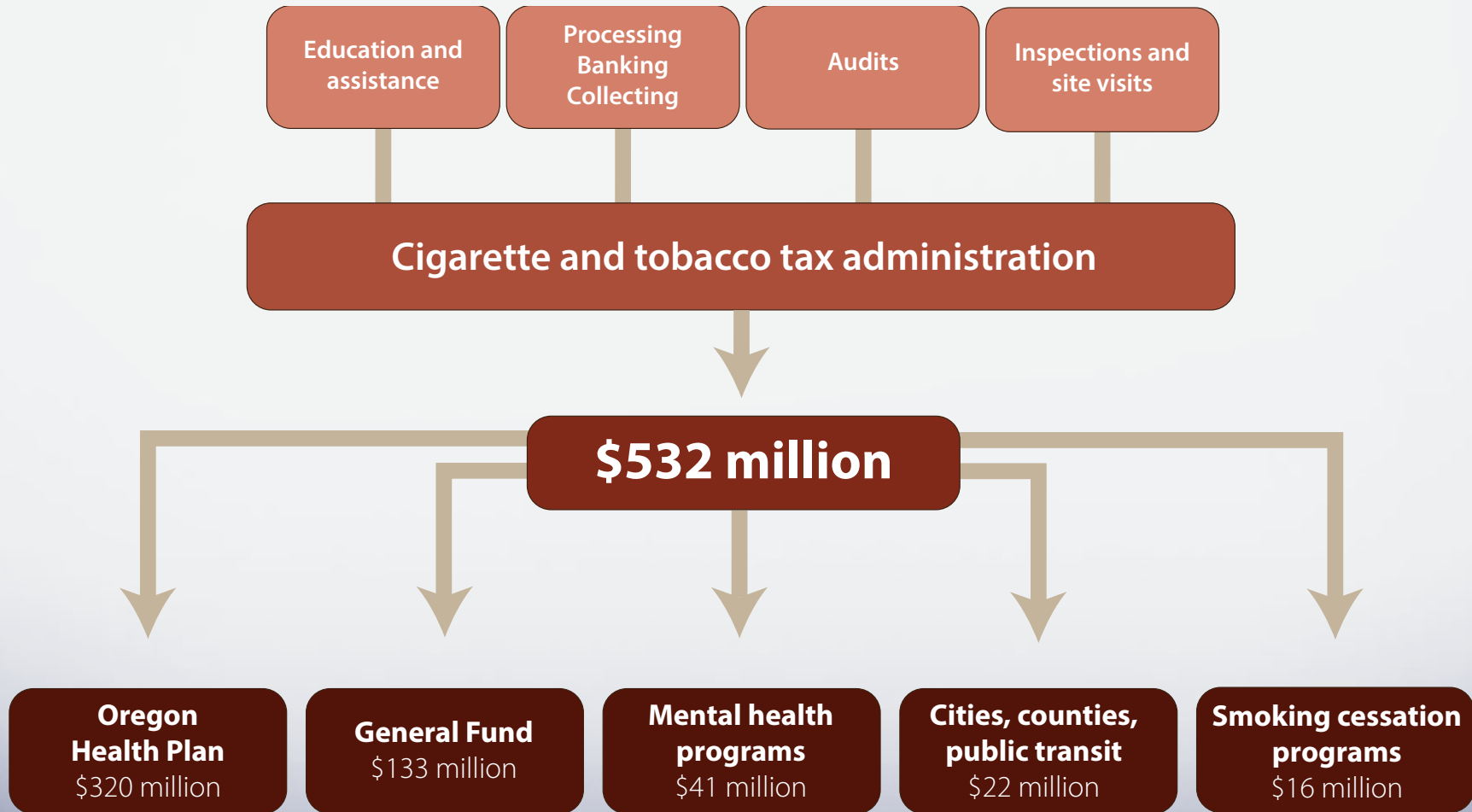
Education
 K-12 system
 ESDs
 Community colleges

Public Safety
 Sheriffs
 Jails
 Police
 District attorneys
 Fire

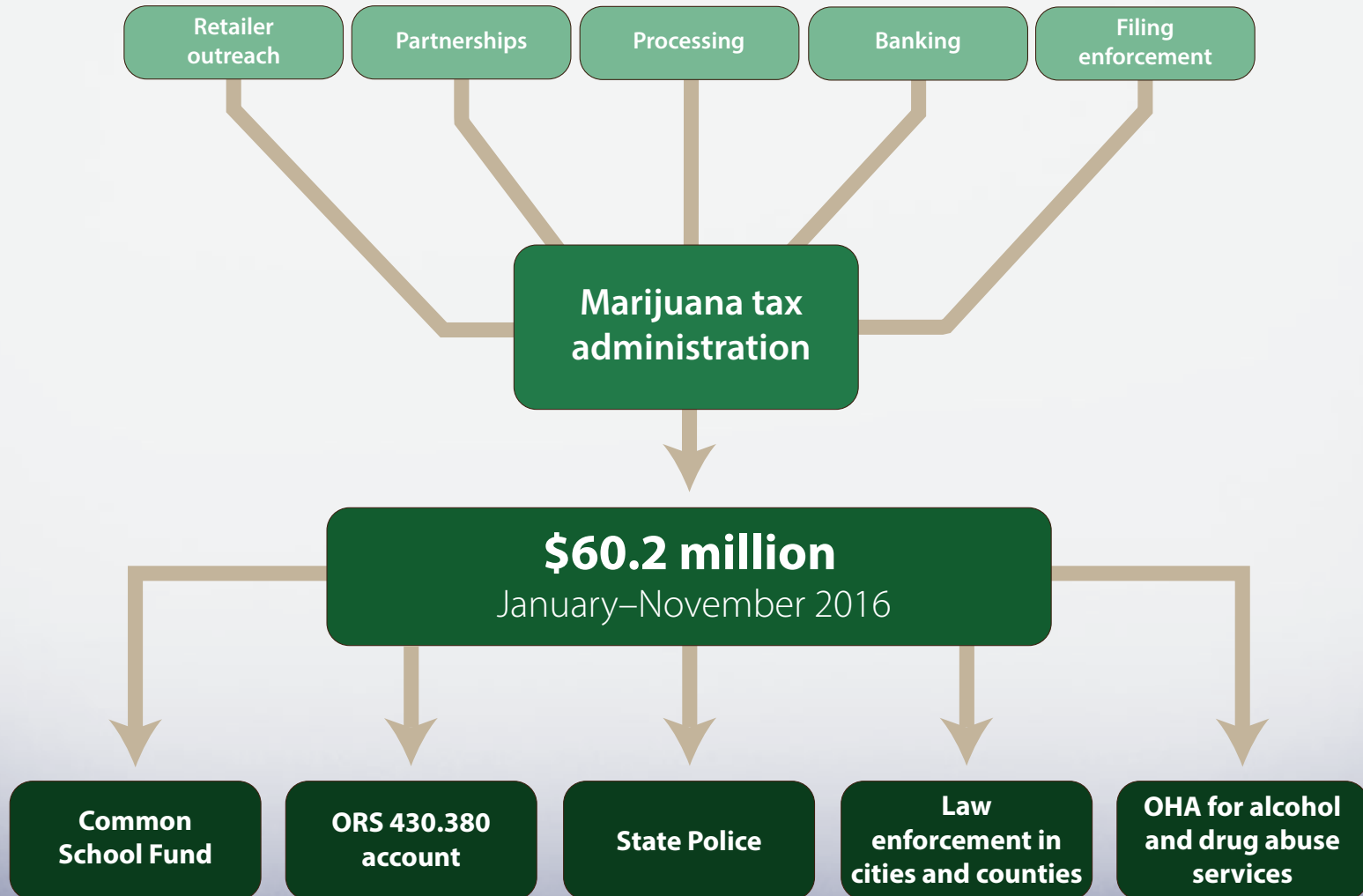
Human Services
 Public health
 Senior citizens
 Water
 Sewer

Other
 Libraries
 Parks & recreation

Cigarette & tobacco taxes



Marijuana tax



Other taxes & services DOR administers

Estate tax

Small-tract timber tax

Emergency communications
(E-911) tax

Senior and disabled citizens
deferral programs

State lodging tax

Transit taxes

Hazardous substance fee

Court fines and assessments

Amusement device tax

Other agency collections

Petroleum load fee

Nonprofit homes for the elderly

Forest products harvest tax



Core Systems Replacement

Four phase IT project to replace systems that service our core functions.

2014—Corporate, Cigarette, and Other Tobacco products.

2015—Personal Income tax, transit self-employment, property tax deferral, E-911, partnership returns, pass-through entity returns, Fiduciary/Estate.

2016—Withholding tax, transit payroll, Other Agency Accounts, Marijuana tax, State Lodging tax, petroleum load fee, hazardous substances fee.

2017—CAFFA, Forest Products Harvest Tax, small tract forestland severance tax, private rail car, court fines and assessments, among other small programs.

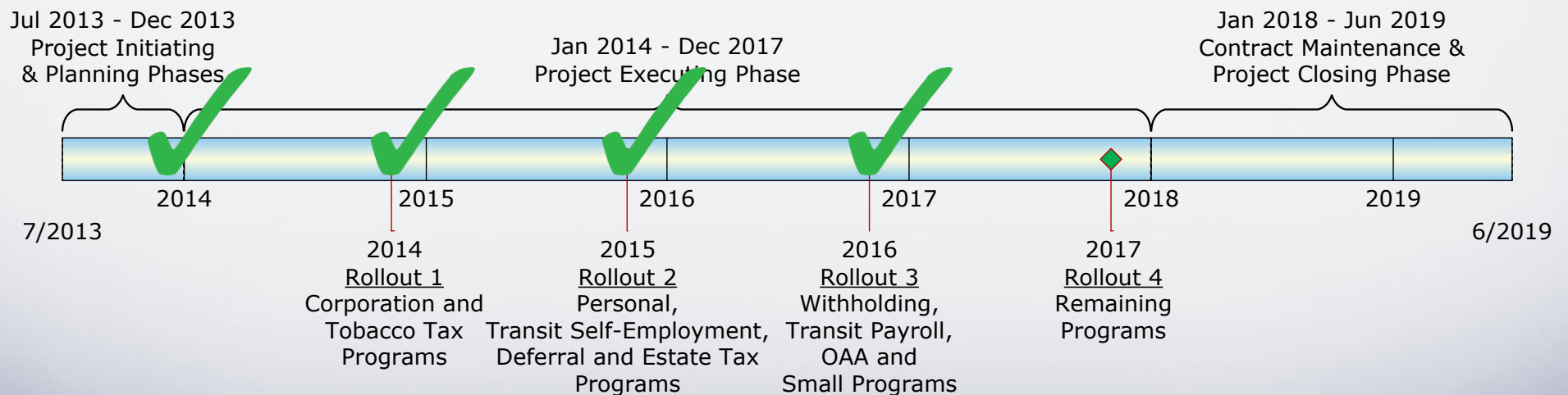


Project overview

Business case:

- Avoid risk and improve performance.
- Commercial off-the-shelf solution (COTS).

CSR Project Roadmap



Effects of GenTax

In addition to our existing requirements, GenTax allows additional functionality, including:

- Real time processing.
- Risk scoring (refund review).
- View exact copy of correspondence.
- Enhanced online services.
- Drill down features from multiple screens.
- View original and amended returns.

System is complex which requires us to do some work differently (e.g. exporting data out of GenTax).



PVS project overview

A computer-assisted mass appraisal (CAMA) system will:

- Integrate our appraisal functions into one system.
- Allow for electronic communication with taxpayers and counties.
- Provide data analytic capabilities.
- Reduce reliance on paper documents and manual data entry.
- Provide a stable, long-term information technology platform for the department's valuation functions.



PVS current status

Vendor Selection

- Round three (of five) of the selection process.

Staffing

- Project co-directors—Revenue staff.
- IT business analyst—Revenue staff.
- Project managers (PM)—Third-party.
- Quality assurance (QA)—Third-party.

Stage Gate

- Stage Gate 1—Approved February 17, 2016.
- Stage Gate 2—Approved July 26, 2016.



Governor's 2017-19 budget

Proposed revenue increases administered by Department of Revenue:

- Increase cigarette tax by \$.85 per pack (\$21.5 million).
- Other Tobacco Products tax increases (\$13.7 million).
 - Cigars—increase by \$0.50 each.
 - Moist snuff—increase by \$0.89 per ounce.
 - All others—increase by \$0.10.
- Eliminate partnership pass-through (\$177 million).
- Eliminate IC-DISC dividend subtraction (\$6 million).



Governor's 2017-19 budget

Revenue increases administered by:

Oregon Liquor Control Commission (OLCC)

- Increase surcharge on distilled spirits by \$0.50 (\$33.8 million).
- Increase alcohol licensing fees by 100 percent (\$5.3 million).
 - No increase to server permits.
 - Licensing fees range from \$100 to \$500.

Oregon Health Authority

- Provider assessment—workgroup developing options.



Governor's 2017-19 budget

Tax expenditures recommended for extension:

- Film production labor rebate.
- Transportation projects.
- Fish screening devices.
- Fire insurance.
- Rural medical practice.
- Livestock killed by wolves.
- Long-term rural enterprise zone facilities.
- Reservation enterprise zone.
- Electronic commerce enterprise zone.
- Alternative energy system*

* Property tax expenditure (all others income tax expenditures).



Questions?

If you have additional questions after today please contact:

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