

House Committee on Revenue

HB 2283 - allows the state to charge interest when taxpayer applies an overpayment from a prior year when applied to past-due current year estimated tax.

The state is claiming lost use of interest monies by the delay of payment in the estimated tax. However, they neglect the fact that the state is in possession and use of the overpayment, which is used to pay the estimated tax. The use of the overpayment makes it a wash for the state and the taxpayer.

The state does not pay interest on overpayment refunds. Therefore, the state is not out any funds. If interest were paid on the overpayment, then the Department of Revenue would have a case. So if interest is collected on overdue estimated tax, then interest should be paid the taxpayer on the overpayment, which would still make it a wash.

I further suggest that the charging of interest on estimated tax when the state already possess the funds is an additional tax and must be treated as such.

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