

# Business Division



Presentation to  
Joint Committee on Ways and Means, Subcommittee on General Government



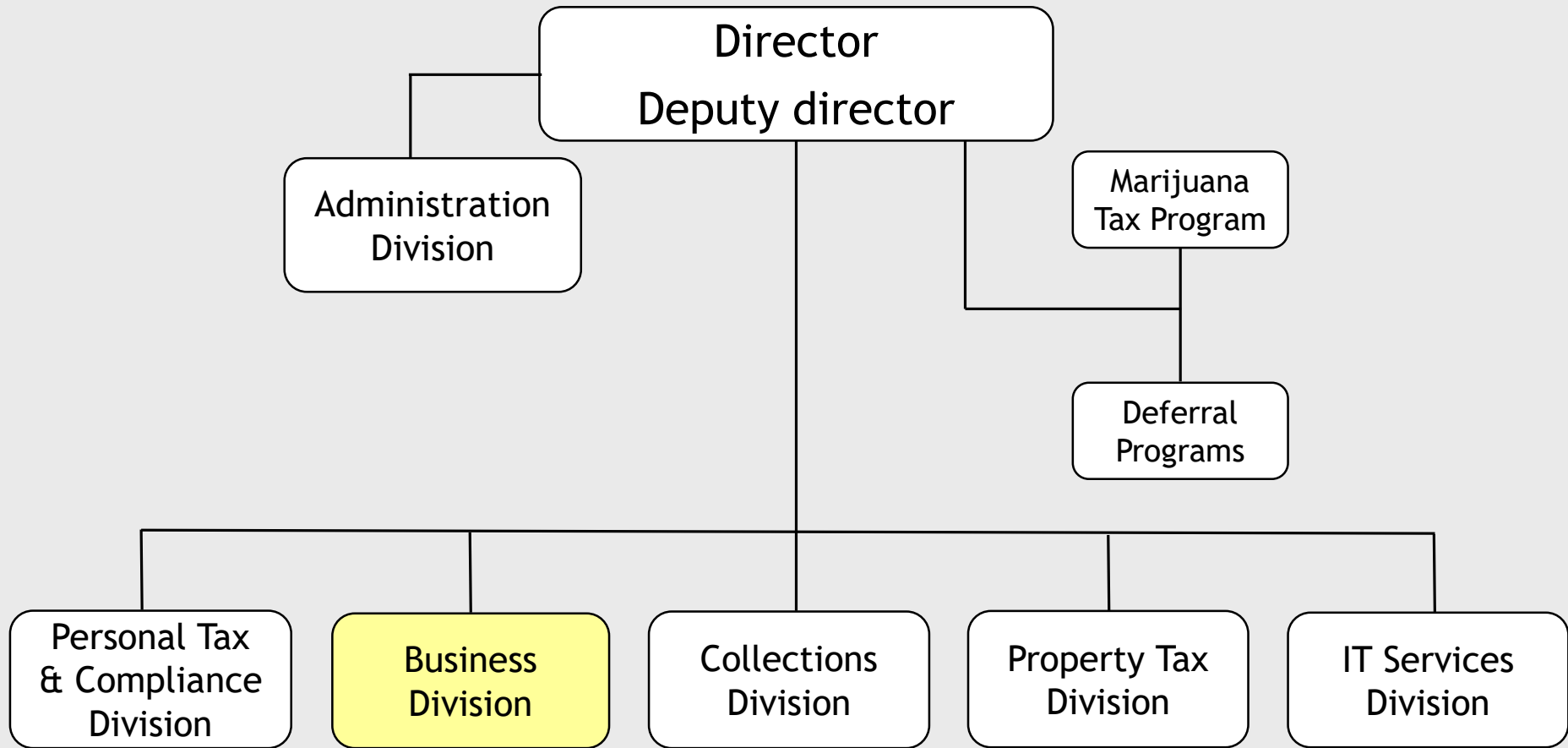
OREGON  
DEPARTMENT  
OF REVENUE

March 19, 2019

# Topics

- Overview of structure
- Voluntary compliance
- Overview of programs
- Budget drivers and accomplishments
- Cost containment and improvements
- Program measures
- Governor's Recommended Budget

# Division structure



# Activities to support voluntary compliance

- Customer assistance and education.
- Forms and instructions.
- Policy guidance.
- Systems support.
- Registration and account maintenance.
- Audit, filing enforcement, and investigation.
- Appeals support.
- Business tax collections.

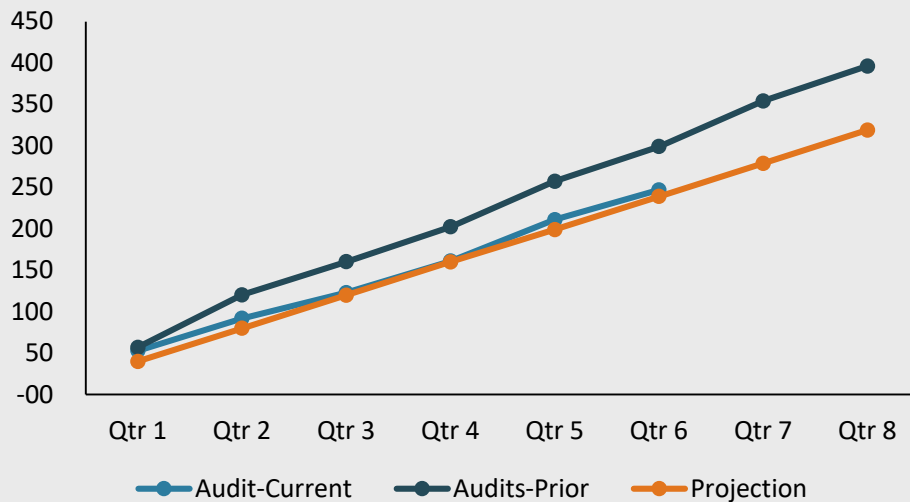
# Corporate income and excise taxes

- Estimated 2017-19 revenue: \$1.2 billion.
- 49 FTE.
- Tax year 2016:
  - 96,337 corporate returns filed.
    - Over 15,000 of these suspend.
  - 88% of tax paid by just under 1,000 taxpayers.

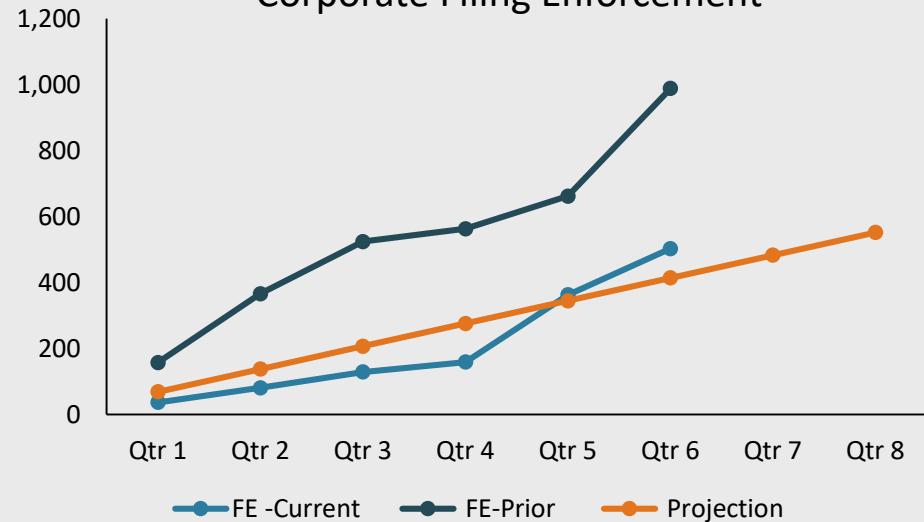
# Corporate compliance activities

Focus on large multi-state corporations

### Corporate Audits



### Corporate Filing Enforcement



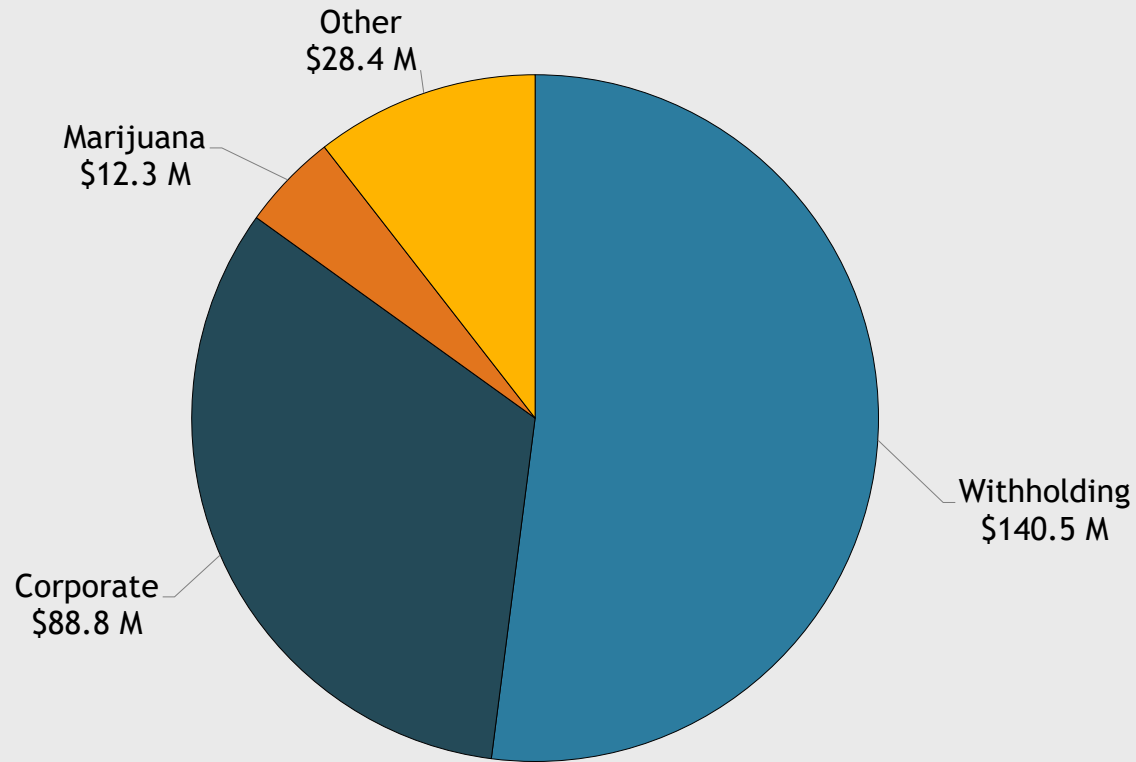
# Withholding and payroll tax

- Estimated 2017-19 revenue: \$15.4 billion.
- 85 FTE.
- Combined return:
  - State withholding and local transit taxes—DOR.
  - Unemployment Insurance—OED.
  - Workers' Benefit Fund—DCBS.

# Business collections

## Business Division L&D Debt By Tax Program

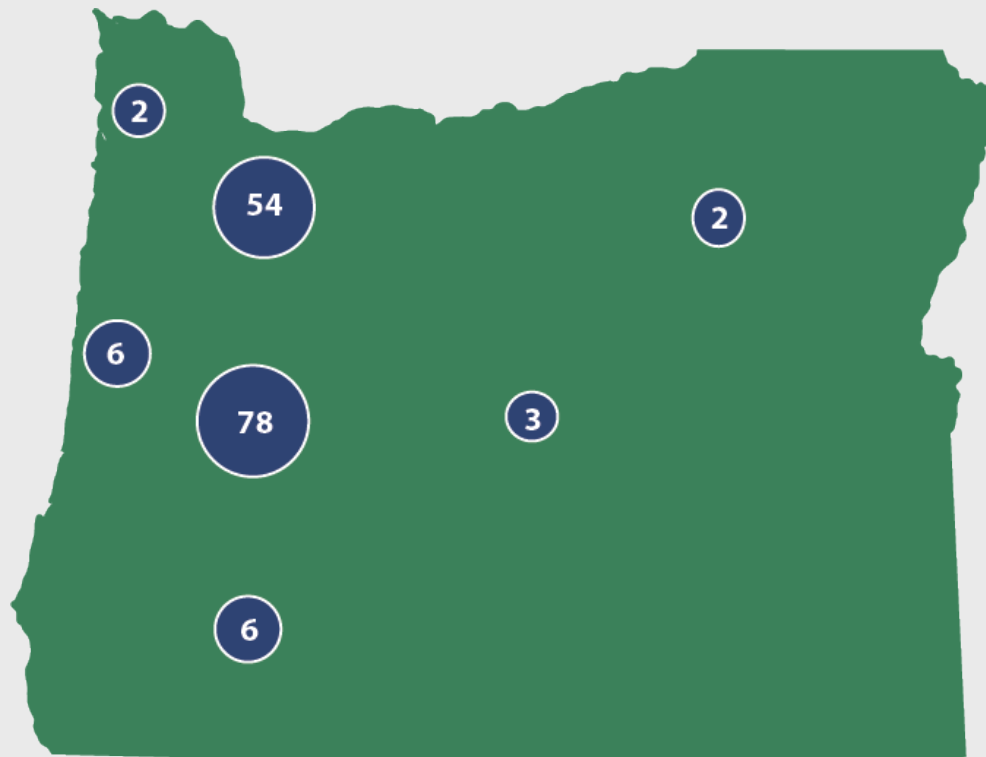
Total: \$270 million





# Withholding and payroll tax

## 2018 Outreach Activities



Over 9,000 attendees

# Cigarette/Other tobacco products taxes

- Estimated 17-19 revenue:
  - \$131 million GF.
  - \$391 million OF and local.
- Over 300 million stamps sold.
- Master Settlement Agreement (MSA).
- Stakeholders and partners.

# New tax programs

## Transportation taxes:

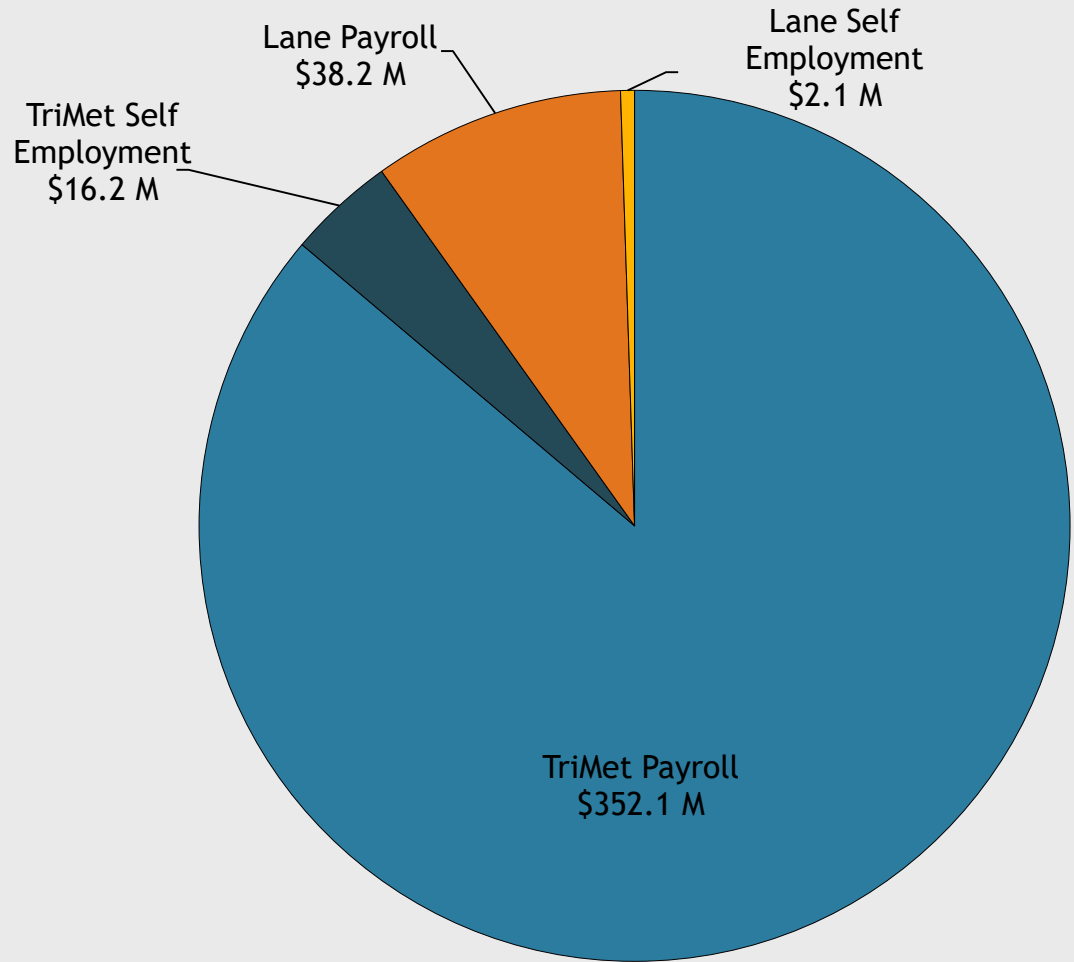
- Vehicle privilege: \$42.1 million.
- Vehicle use: \$11.8 million.
- Bicycle excise: \$900,000.
- Statewide transit: \$83.6 million.

## Heavy equipment rental tax (HERT)

# Other programs

- State lodging tax
- Emergency communications (E-911) tax
- Hazardous substance fee
- Petroleum load fee
- Amusement device tax
- Estate transfer tax
- Fiduciary income tax
- Tri-Met and Lane Transit District employer and self-employed taxes

# Local transit district taxes



## Local transit district taxes CY 2018

TriMet: \$368.3 million

Lane: \$40.3 million

# Budget drivers and accomplishments

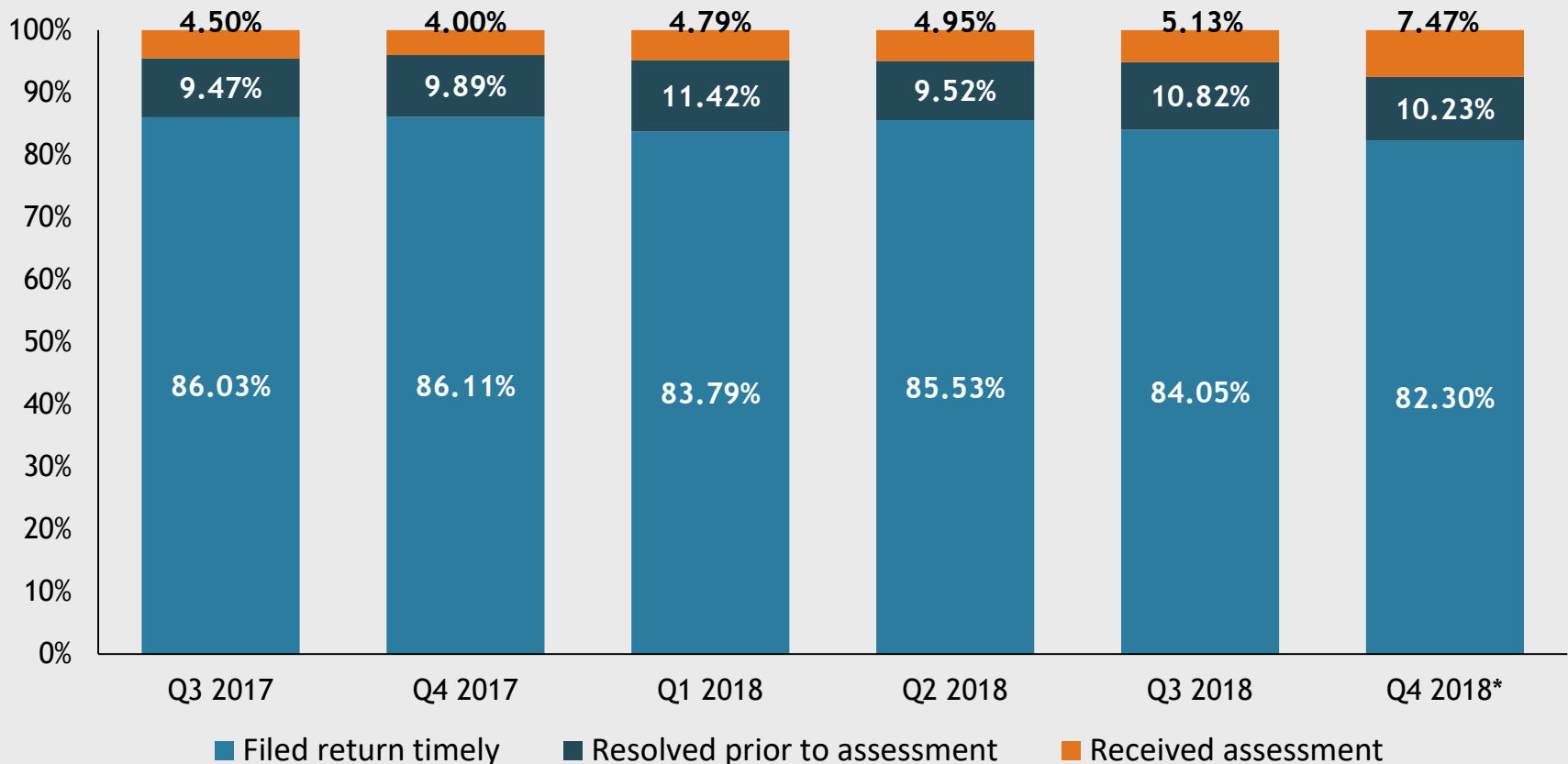
- Customer service: HB 2156.
- Market-based apportionment and uniformity.
- New tax programs.
- Key partnerships.

# Cost containment and improvements

- Financial Institution Data Match (SB 254).
- Restructuring.
- State lodging tax filing.
- Non-filer automation.

# Program measures

## Withholding Compliance Rates

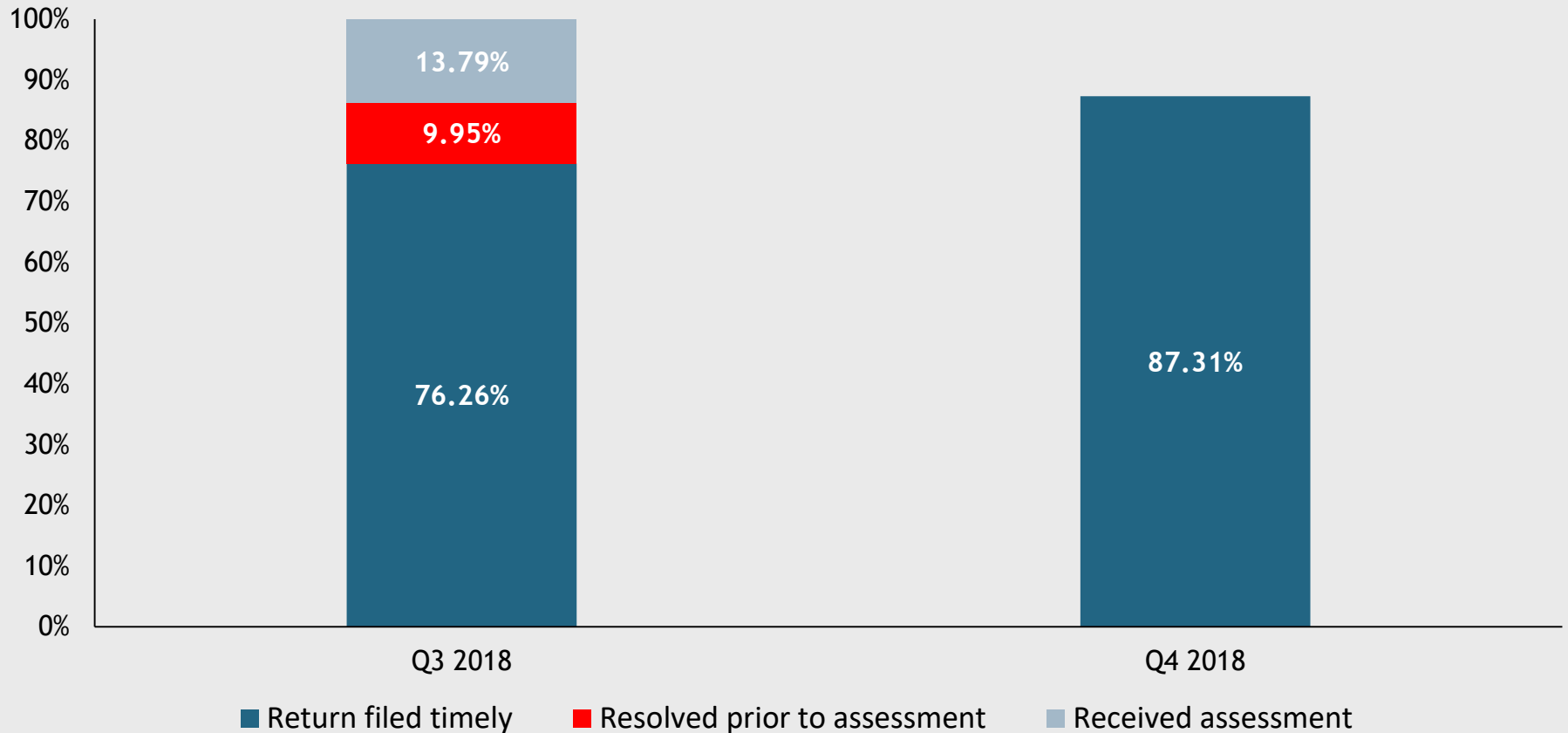


*\*Fourth Quarter filing information assuming no incorrectly open accounts.*



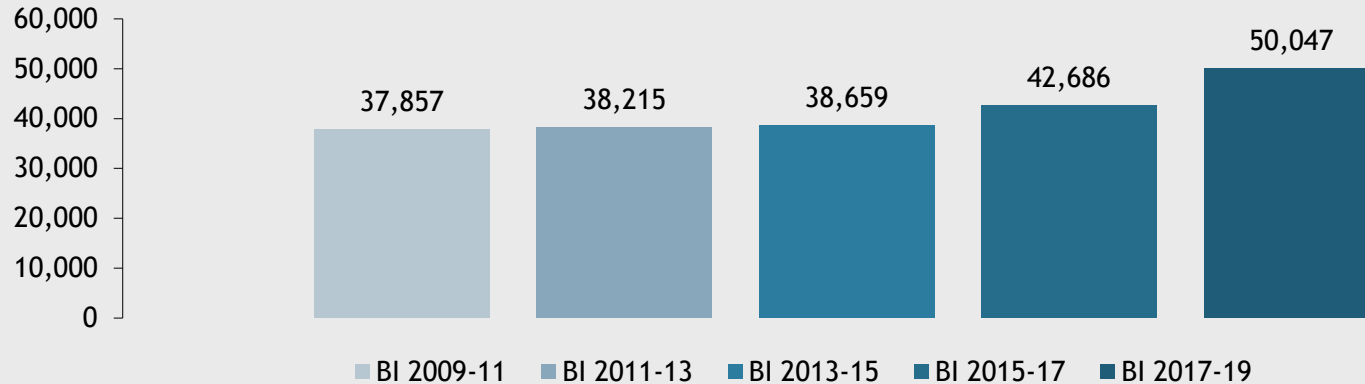
# Program measures

## Statewide Transit Tax Compliance Rates

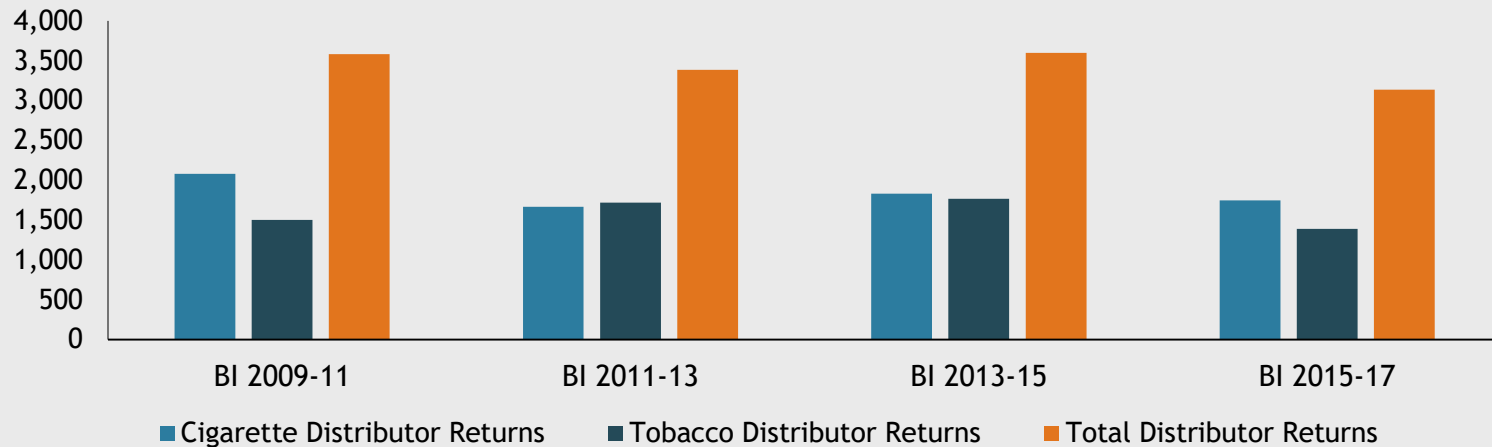


# Program measures

## Special Programs Returns Processed



## Cigarette and Tobacco Distributor Returns



# 2019-21 Governor's Budget

BUS	GF	OF	TF	Pos.	FTE
2017-19 LAB	\$21,350,670	\$20,248,850	\$41,599,520	227	209.65
2019-21 CSL	\$23,775,091	\$11,621,735	\$35,396,826	154	152.75
2019-21 GRB	\$23,296,473	\$12,361,552	\$35,658,025	154	152.65
CSL—GRB change	\$(478,618)	\$739,817	\$261,199	-	(0.10)

# 2019-21 Governor's Budget

Package	Description	GF	OF	TF	FTE
081	Sept. E-Board	\$0	\$26,790	\$26,790	0.00
090-092	CFO Adjustments	(\$478,618)	\$492,156	\$13,538	(1.10)
106	Auditing	\$0	\$220,871	\$220,871	1.00
	Package totals	(\$478,618)	\$739,817	\$261,199	(0.10)

**Package 081**—September E-Board: \$26,790

This package increases Other Funds limitation to complete rollout of data matching portal for State Lodging Tax.

**Package 090**—Analyst Adjustment: \$157,519 FTE (1.10)

This package eliminates 4 customer service positions that are no longer needed, decreases inflation, increases vacancy savings rate to 5% and reduces services and supplies. It also provides Other Fund limitation to administer Heavy Equipment Rental Tax. It also adds General Fund, 6 positions 2 FTE to implement new Employer Responsibility Assessment created to fund OHA.

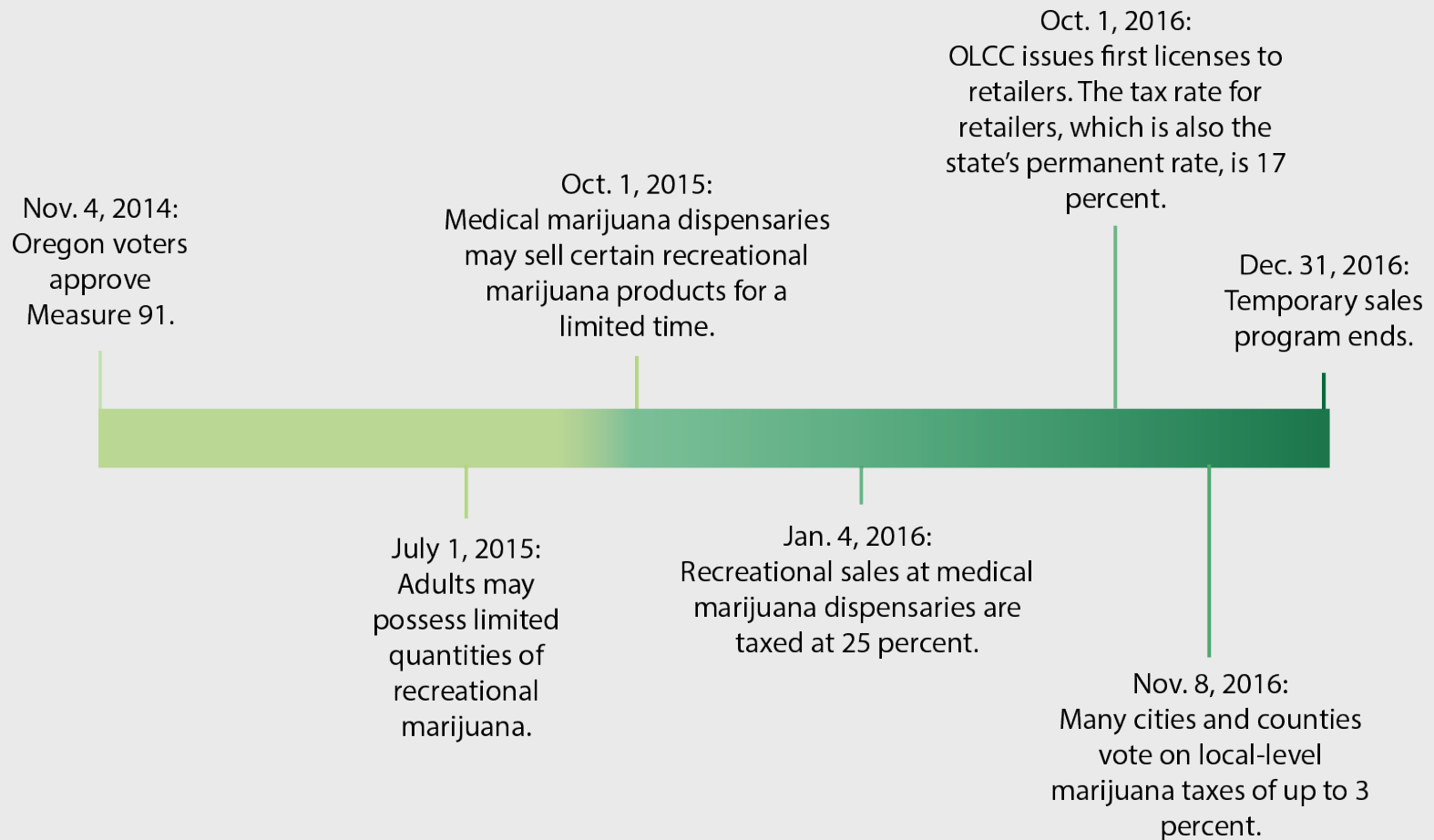
**Package 091-092**—Statewide DAS Charge Adjustment, Statewide AG Adjustment

**Package 106** —Auditing: \$220,871 FTE 1.00

The package requests funding for one position to audit the State Lodging Tax. Combined growth and the increase in the rate make it possible to hire a position. This was not possible before because of the 2% cap on administrative expenses.

# Marijuana Tax Program

# Recreational marijuana tax



# Recreational marijuana tax

- 17-percent tax on retail sales price.
- Paid by customers.
- Filing, payment, and enforcement.
- Other recreational marijuana regulatory agencies: OHA, Ag, and OLCC.

# Enforcement activities

- Identify non-filers.
- Identify under-reporting.
- Metrc Cannabis Tracking System.
- Department of Justice and Oregon Liquor Control Commission.
- Collections
  - Accounts receivable: \$12.3 million.



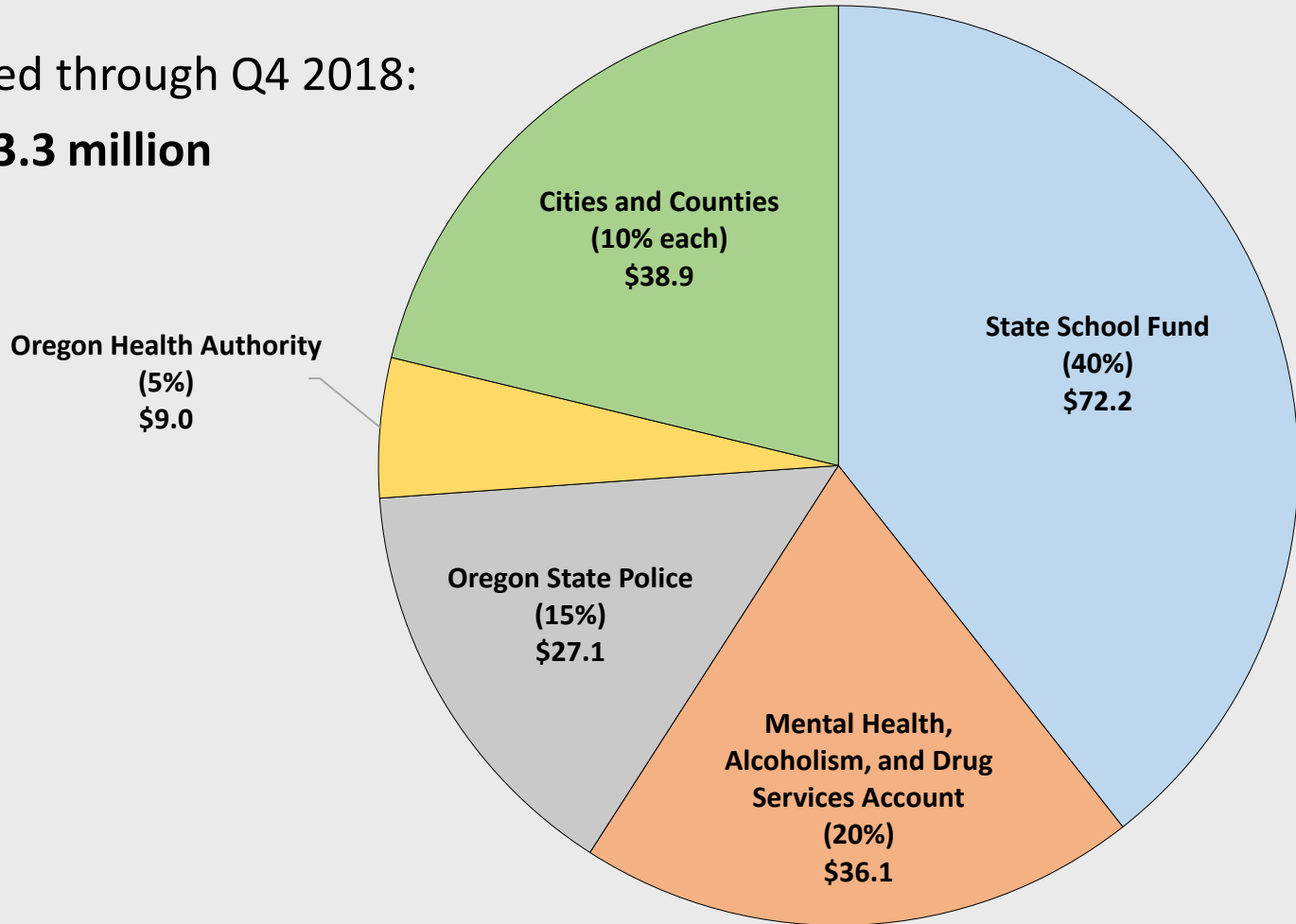
# Administration of local taxes

- Up to 3 percent local tax for cities and counties.
- Intergovernmental agreements with 76 cities and 6 counties to administer local taxes.
- Distributed \$20.1 million in local taxes.
- 23 localities administer their own taxes.

# Distributions

Total distributed through Q4 2018:

**\$183.3 million**



# 2019-21 Governor's Budget

BUS	GF	OF	TF	Pos.	FTE
2017-19 LAB	\$0	\$4,659,957	\$4,659,957	15	14.25
2019-21 CSL	\$0	\$4,093,306	\$4,093,306	15	14.25
2019-21 GRB	\$0	\$5,020,026	\$5,020,026	19	18.25
CSL—GRB change	\$0	\$926,720	\$926,720	4	4.00

# 2019-21 Governor's Budget

Package	Description	GF	OF	TF	FTE
091-092	CFO Adjustments	\$0	(\$22,002)	(\$22,022)	0.00
105	Marijuana program/Income tax audits	\$0	\$948,722	\$948,722	4.00
	Package totals	\$0	\$926,720	\$926,720	4.00

**Package 091-092**—Analyst Adjustments, Statewide DAS Charge Adjustment, Statewide AG Adjustment

**Package 105**—Marijuana Program/Income Tax Audits: \$948,722 FTE 4.00

The package requests Other Funds limitation to create 4 Tax Auditor 2 positions to audit Marijuana Tax returns and the personal income tax returns of marijuana business owners.

# Questions?

If you have additional questions after today,  
please contact:

Katie Lolley

*Business Division Administrator*

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# Collections Division

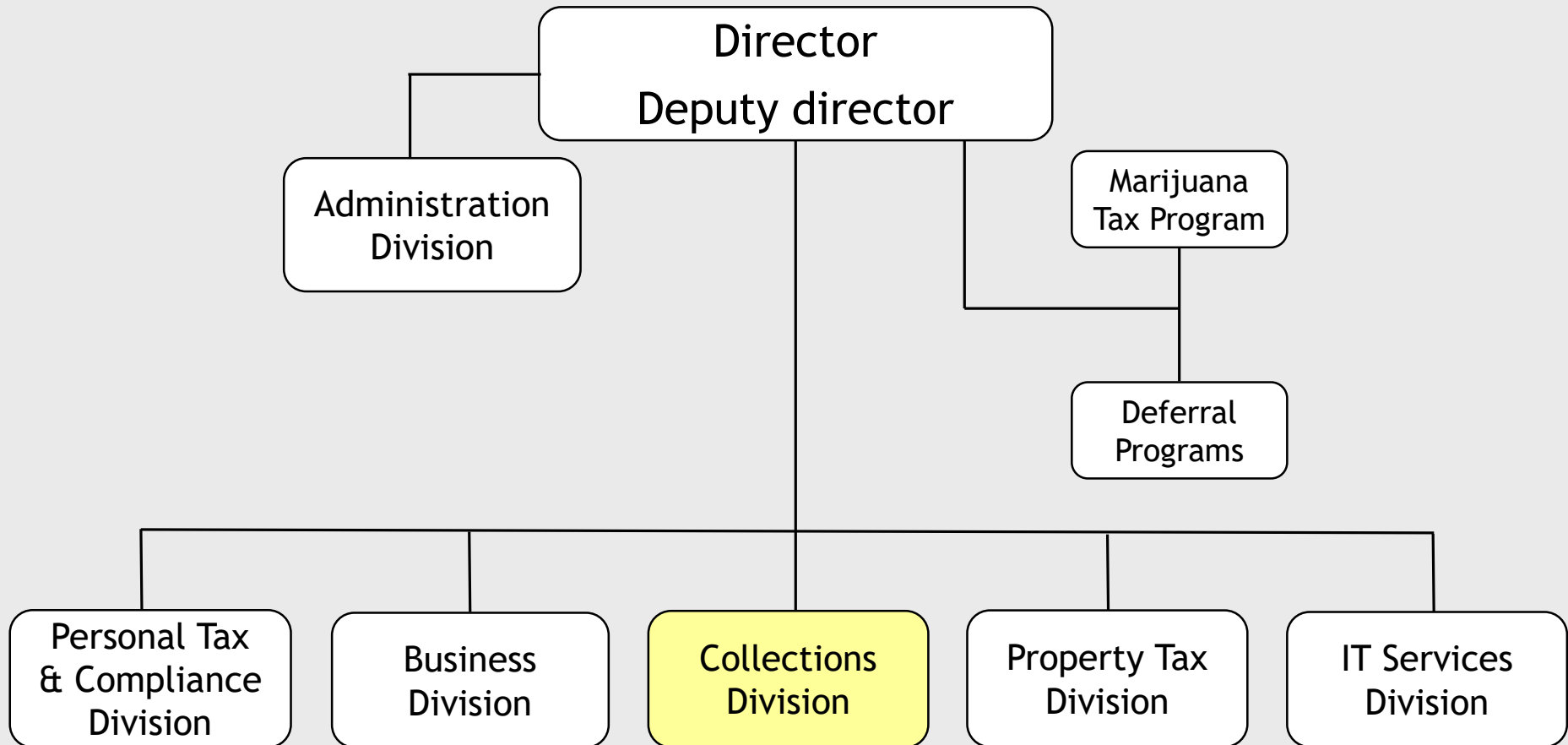


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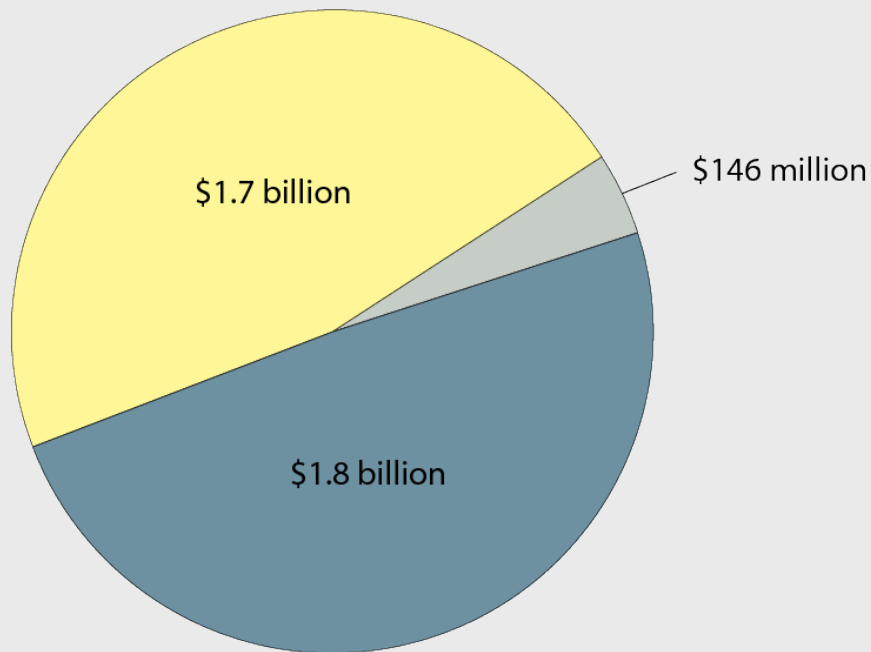
March 20, 2019

# Division overview

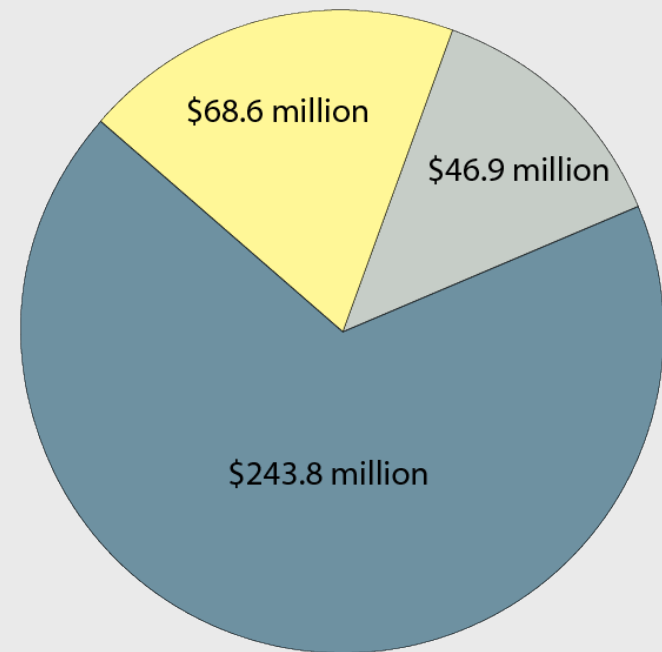


# OAA purpose

Statewide L&D Ending Balance, FY 2018



Statewide L&D Ending Balance Debt with OAA, FY 2018

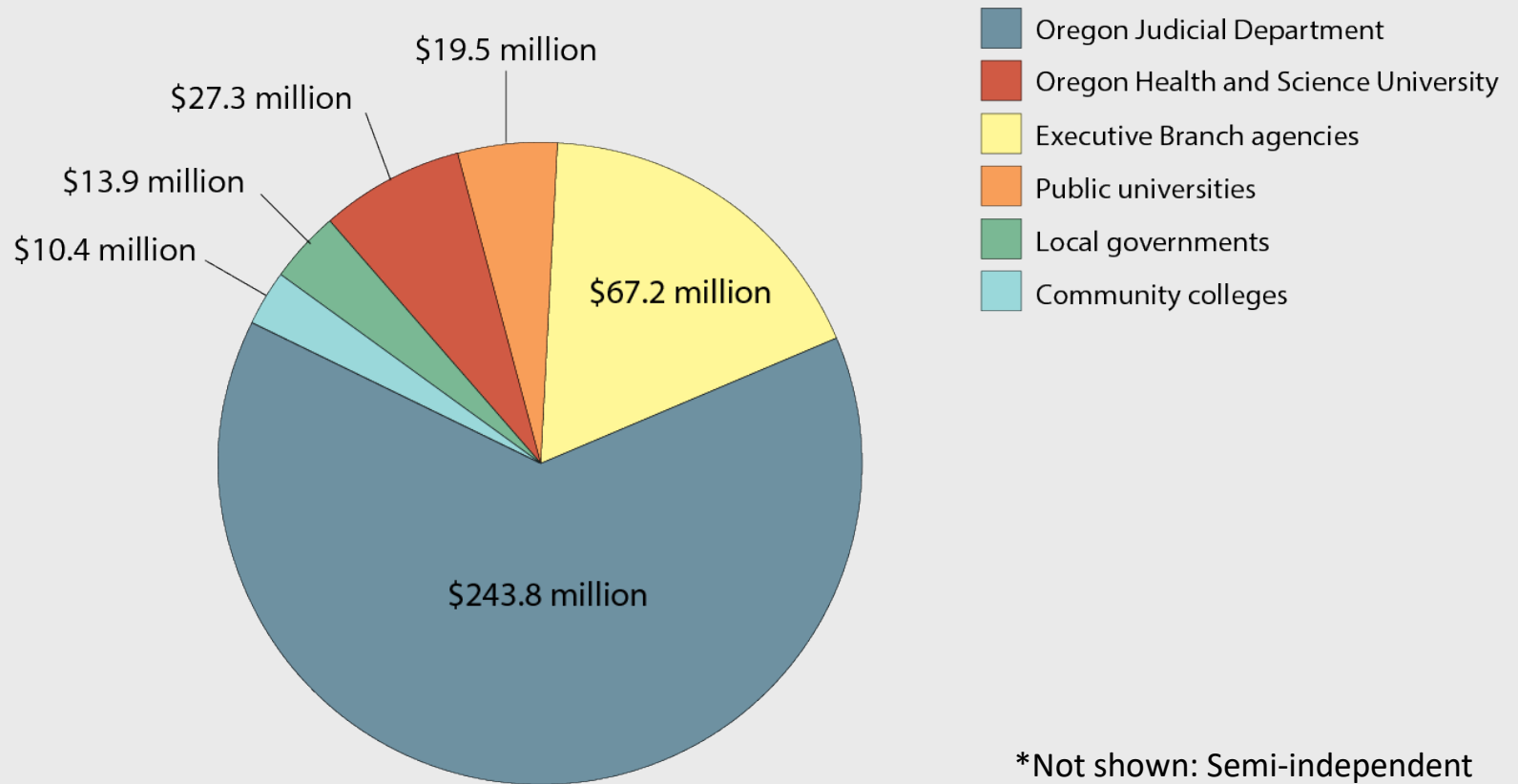


Judicial Executive Other



# OAA customers

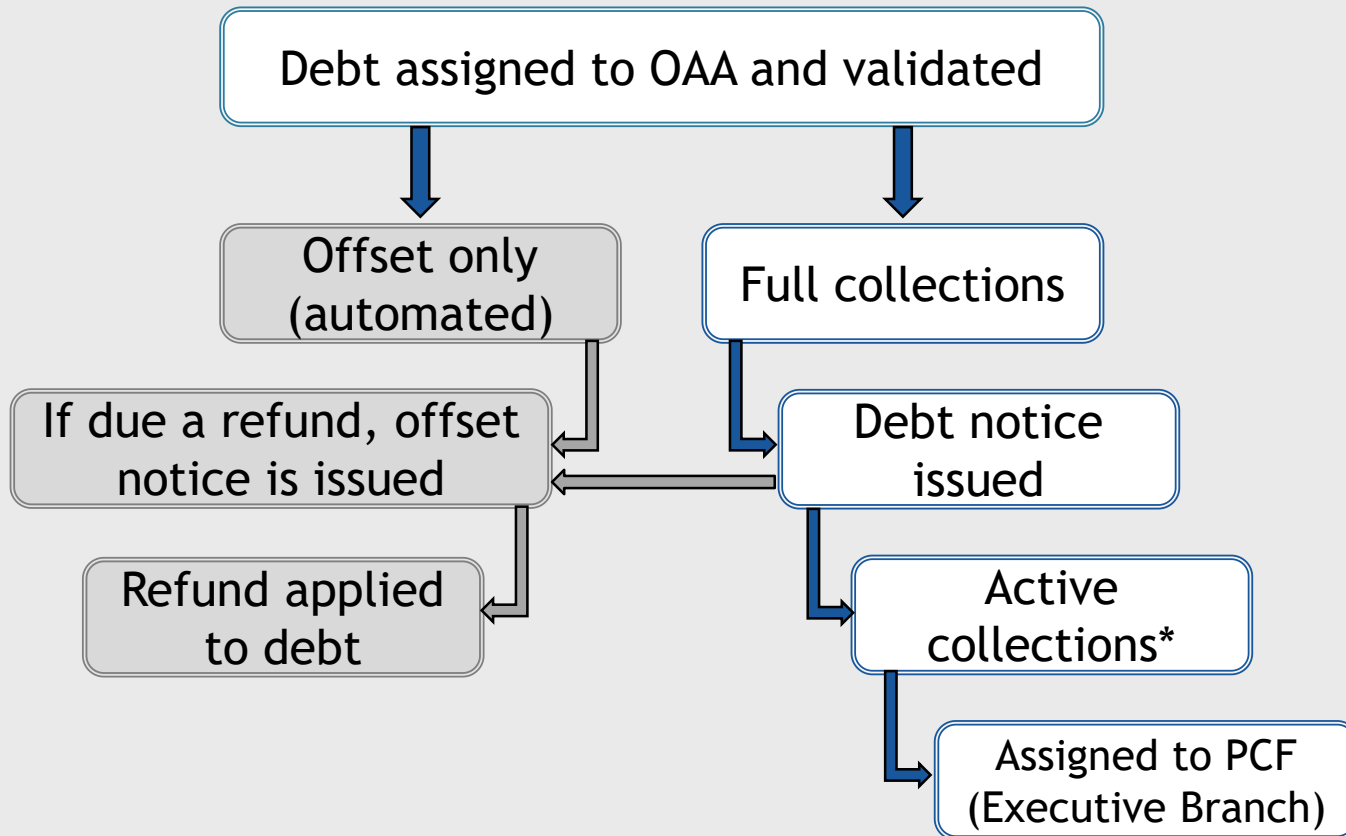
Full-collect inventory,\* FY 2018



\*Not shown: Semi-independent state agencies—\$1.4 million

Source: OAA

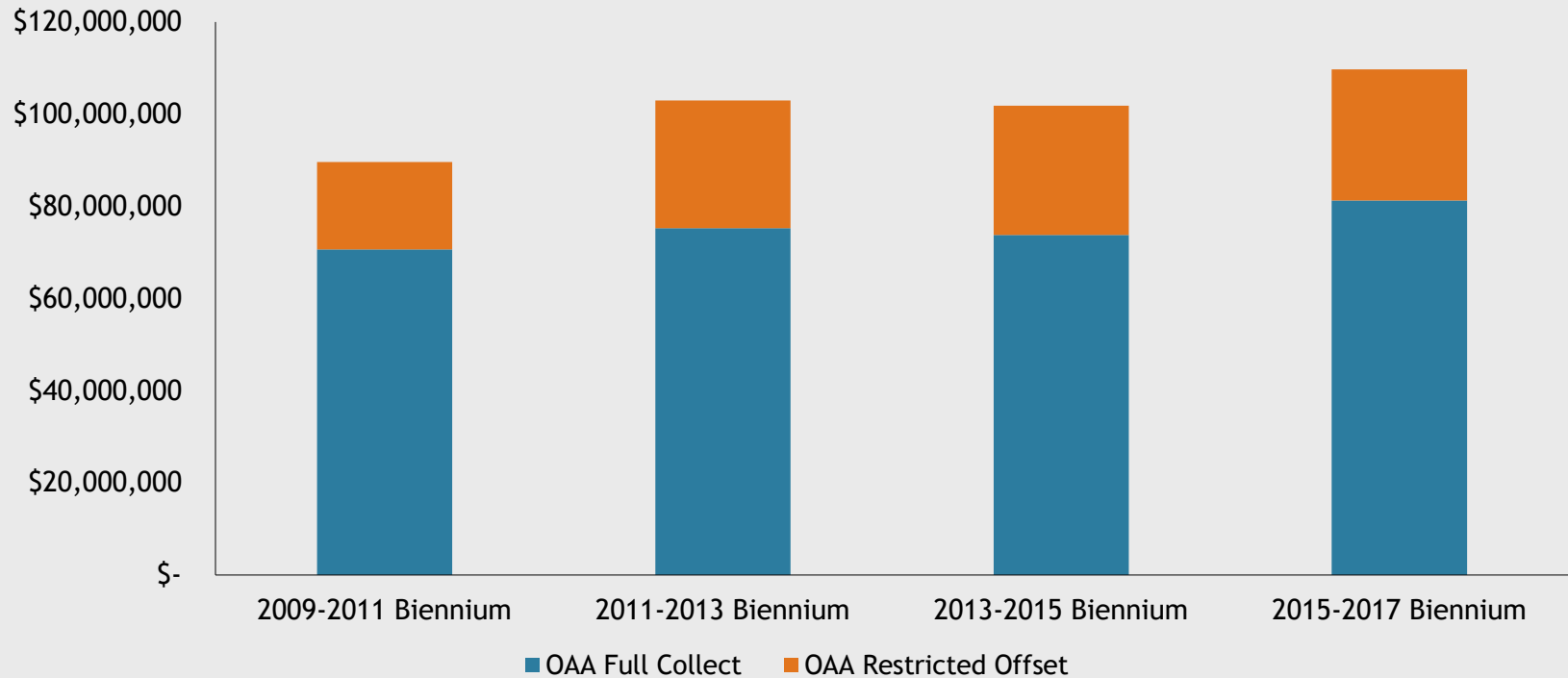
# How OAA collects for other agencies



\*Active collections work performed by OAA staff include payment plans, phone calls, skip tracing, garnishments, etc.

# OAA collections

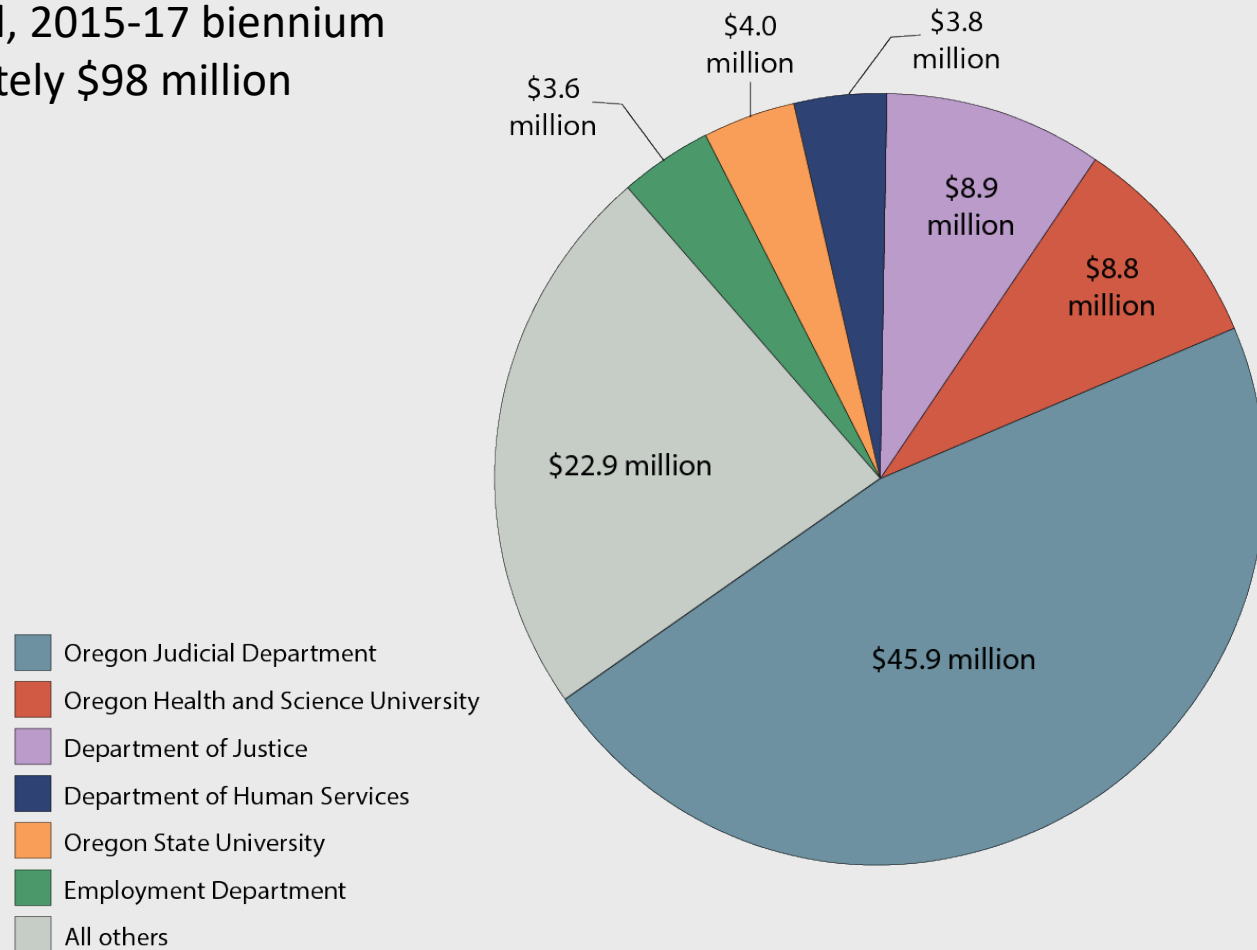
## OAA Collection Totals by Biennium



Source: OAA

# OAA distributions

Total distributed, 2015-17 biennium  
Approximately \$98 million



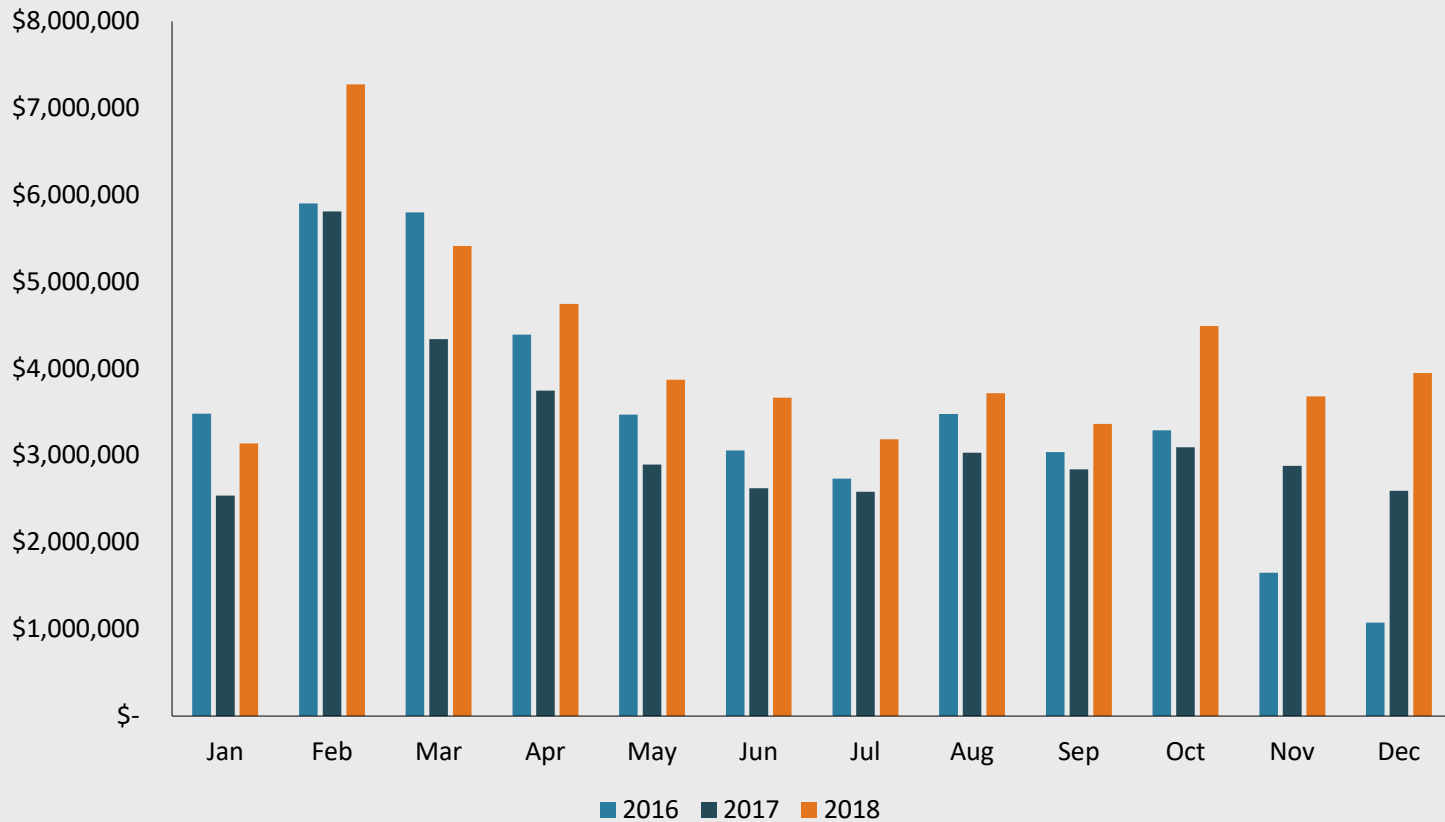
Source: OAA

# Accomplishments and major changes

- SB 1067 (2017) centralized collections implementation.
- Operational enhancements.

# Program measures

OAA Full Collection Program  
2016-2018 Monthly Comparison (Calendar Year)



Source: OAA

# Cost containment, improved program delivery

- Updated operational procedures.
- Outcome orientation and efficiency measures.

# Budget drivers and major issues

- Establishment of the Collections Division.
- Ongoing associated personal services.



# 2019-21 Governor's Budget

Collections	GF	OF	TF	Pos.	FTE
2017-19 LAB	\$0	\$0	\$0	-	0.00
2019-21 CSL	\$190,154	\$13,195,426	\$13,385,580	73	73.00
2019-21 GRB	\$0	\$13,426,715	\$13,426,715	73	73.00
CSL—GRB change	(\$190,154)	\$231,289	\$41,135	-	0.00

# 2019-21 Governor's Budget

Package	Description	GF	OF	TF	FTE
090-092	CFO Adjustments	(\$190,154)	\$231,289	\$41,135	0.00
	Package totals	(\$190,154)	\$231,289	\$41,135	0.00

**Package 090—Analyst Adjustment: \$41,135**

This package reduces General Fund \$190,154 and increases Other Funds limitation \$252,673 to match the program's Other Funds fee revenue source.

**Package 091-092—Statewide DAS Charge Adjustment, Statewide AG Adjustment**

# Questions?

If you have additional questions after today,  
please contact:

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