

Establishes office of Taxpayer Advocate in Department of Revenue

Background

Oregon is one of a handful of states in the US without a taxpayer advocate office. These offices provide access to taxpayers to resolve issues that have not been resolved through their normal agency channels. The Taxpayer Advocate Office in each state is different, but the underlying goal is the same; to focus and elevate taxpayer voice and provide taxpayer resources within the agency.

In two recent legislative sessions, the concept of a Taxpayer Advocate Office has been discussed, but not approved: [HB 2636\(2011\)](#) and [HB 2087\(2017\)](#).

Problem

Many taxpayers face barriers that interfere with their ability to voluntarily comply with the tax system. Lack of trust in the system, fear of taxes, complex tax situations, language barriers, inability to access tax help sites, and individual hardships can prevent Oregonians from filing their taxes and prevent them from receiving other benefits they may be eligible for based on tax filing status. Some of those programs include the Earned Income Tax Credit (EITC), student financial aid, home ownership and other programs. Also, banks and employers may require proof of taxes filed to obtain a job or loan.

Additionally, there are some circumstances in which a taxpayer has tried but been unable to resolve their tax problems with the department or believes the department's system or procedures are not working as they should. These situations may result in financial difficulties and additional barriers to the taxpayer. Currently, these cases are dealt with on an ad-hoc-basis. There is no single-point-of-contact in the department to assist with, identify, track and report systemic agency or policy issues that may be addressed through administrative or legislative action.

To improve voluntary compliance with tax filing and imbued a lens of equity and access to agency information and resources, the department must expand opportunities to proactively connect with taxpayers, break-down barriers and build relationships with community-based organizations. The department believes a taxpayer advocate will serve as a tool towards achieving these objectives.

Proposed Solution

HB 3373 establishes a Taxpayer Advocate Office. The office will assist taxpayers to access understandable information and documents and answer their questions. It will also provide a

semi-annual report to the legislature on the status and operation of the office and include identified issues or barriers of equitable and fair collection of taxes. It may also:

- collaborate with internal personnel to resolve complex and sensitive taxpayer problems;
- provide expeditious service for taxpayer issues not resolved through ordinary channels;
- receive and evaluate complaints of improper, abusive or inefficient service by employees;
- review current and potential policies and procedures, attend planning meetings and recommend solutions on potential processes and procedures; and
- advise the director of improper action in administering laws.

A proposed amendment also creates the Taxpayer Assistance Grant Program, which would allow the department to issue grants to organizations in Oregon who provide tax filing assistance to low-income, non-English speaking, disabled and older Oregonians. Grant recipients would provide support and resources to address the barriers many Oregonians face when filing taxes. A rulemaking advisory committee would assist the department in the creation of criteria and eligibility requirements for grant participation.

The bill also directs the magistrate division of the Oregon Tax Court to award attorney fees to the prevailing party if opposing party disobeys court order or makes claims without a reasonable basis. Lastly, the bill allows attorney fees in cases involving transit self-employment taxes.

Agency Contact

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