

# Agency Overview



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



March 18, 2019

150-800-550-3

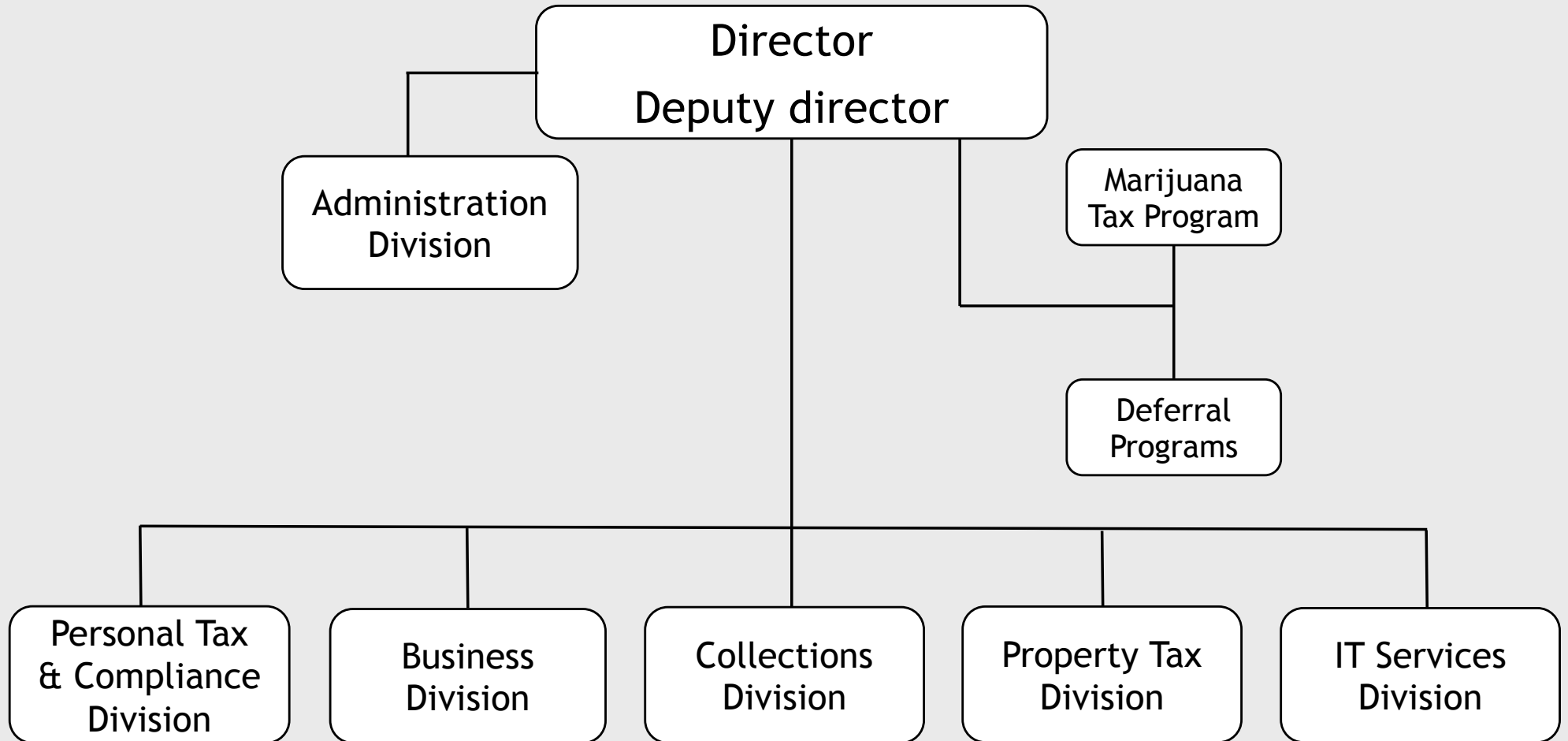
# Agenda

- Day 1—Agency overview, Personal Income Tax
- Day 2—Business Division, Marijuana Taxes
- Day 3—Collections, Property Tax
- Day 4—Information Technology, Administration

# Agenda, next week

- Day 1—Strategic plan, performance management, Human Resource management.
- Day 2—Finance, Internal Audit, external audits and reviews, collections.
- Day 3—IT management, Research, governance, project management.

# Organizational structure



# What we do

- Administer nearly 40 programs.
- Distribute 96 percent of General Fund to Legislature for 2019-21.
- Supervision and valuation of property tax system.
- Collect on behalf of state and local governments.

# What is “tax administration”?

## Tax administration includes:

- Assisting and educating taxpayers.
- Processing returns.
- Accounting for and banking payments.
- Performing audits.
- Enforcing filing requirements.
- Collecting delinquent taxes.
- Analyzing and developing policies and rules.

# Revenue's major tax programs

## Income taxes—personal, corporate

- Voluntary compliance.
- Enforcement.

## Property tax

- Assessment and taxation.
- Mapping.
- County grants and training.
- Industrial and centrally assessed property valuation.
- Deferral programs.

## Cigarette and other tobacco taxes

- Distributor, wholesaler, retailer, consumer compliance.

## Marijuana tax

# Other taxes and services

Estate tax.

Emergency communications (E-911) tax.

State lodging tax.

Hazardous substance fee.

Amusement device tax.

Petroleum load fee.

Vehicle privilege and use taxes.

Statewide Transit Tax.

Bicycle tax.

Small-tract timber tax.

Senior and disabled citizens deferral programs.

Transit taxes.

Court fines and assessments.

Other agency collections.

Nonprofit homes for the elderly.

Forest products harvest tax.

Heavy Equipment Rental Tax.



# Environmental influences

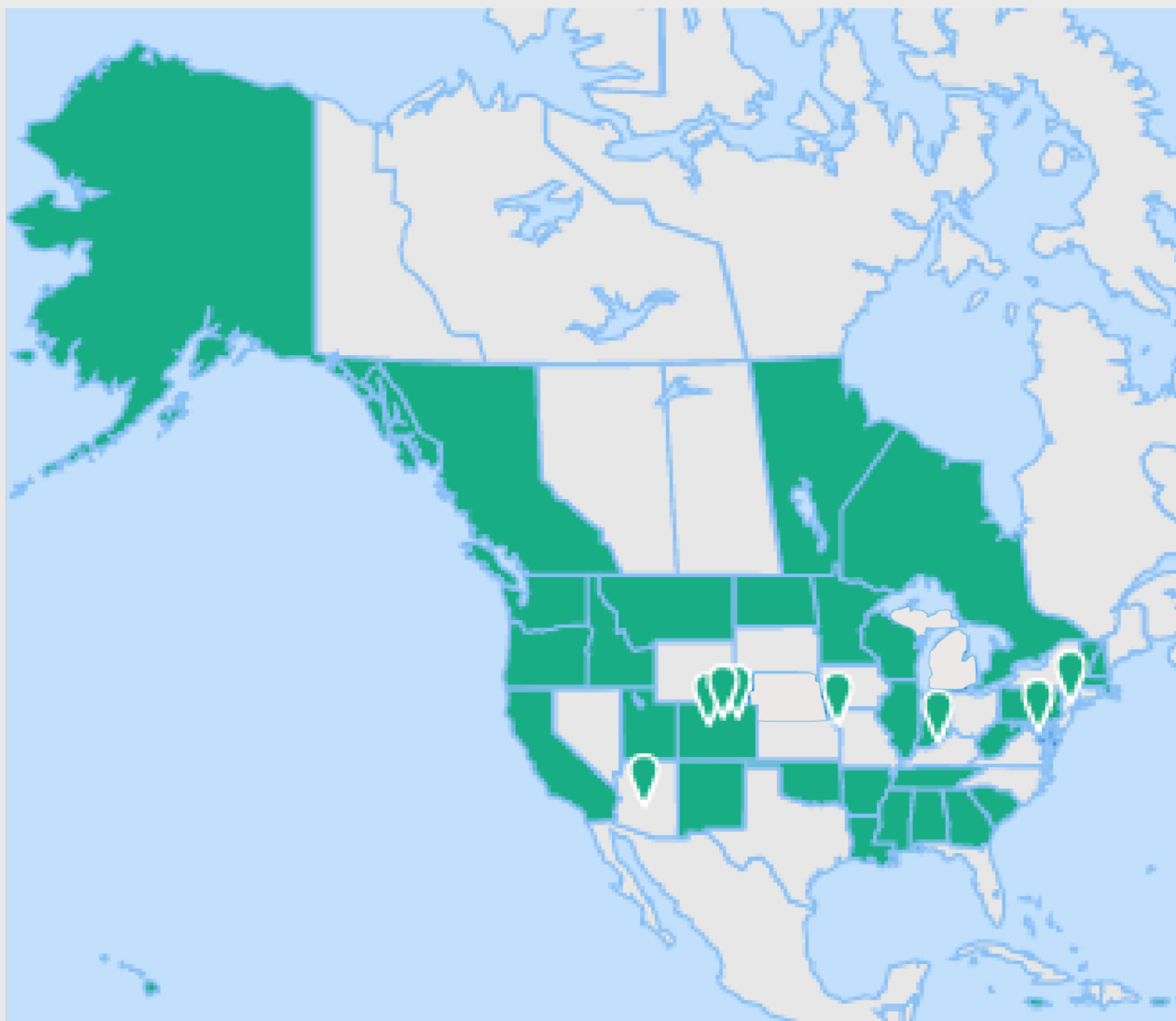
- Effects of significant change.
- Stability of processes and leadership.
- Large number of new tax programs.
- High level of external scrutiny.
- Increasing complexity in existing programs.
- Funding issues at IRS.

# DOR core systems

## Key business case items:

- Reduce risk to long-term revenue generation.
- Take advantage of a growing community of best practices and information sharing among revenue agencies nationwide.
- Further standardize business processes.
- Maximize the use of operating data.
- Provide more services customers expect.
- Increase flexibility to respond quickly and economically to law changes and taxpayer behaviors.

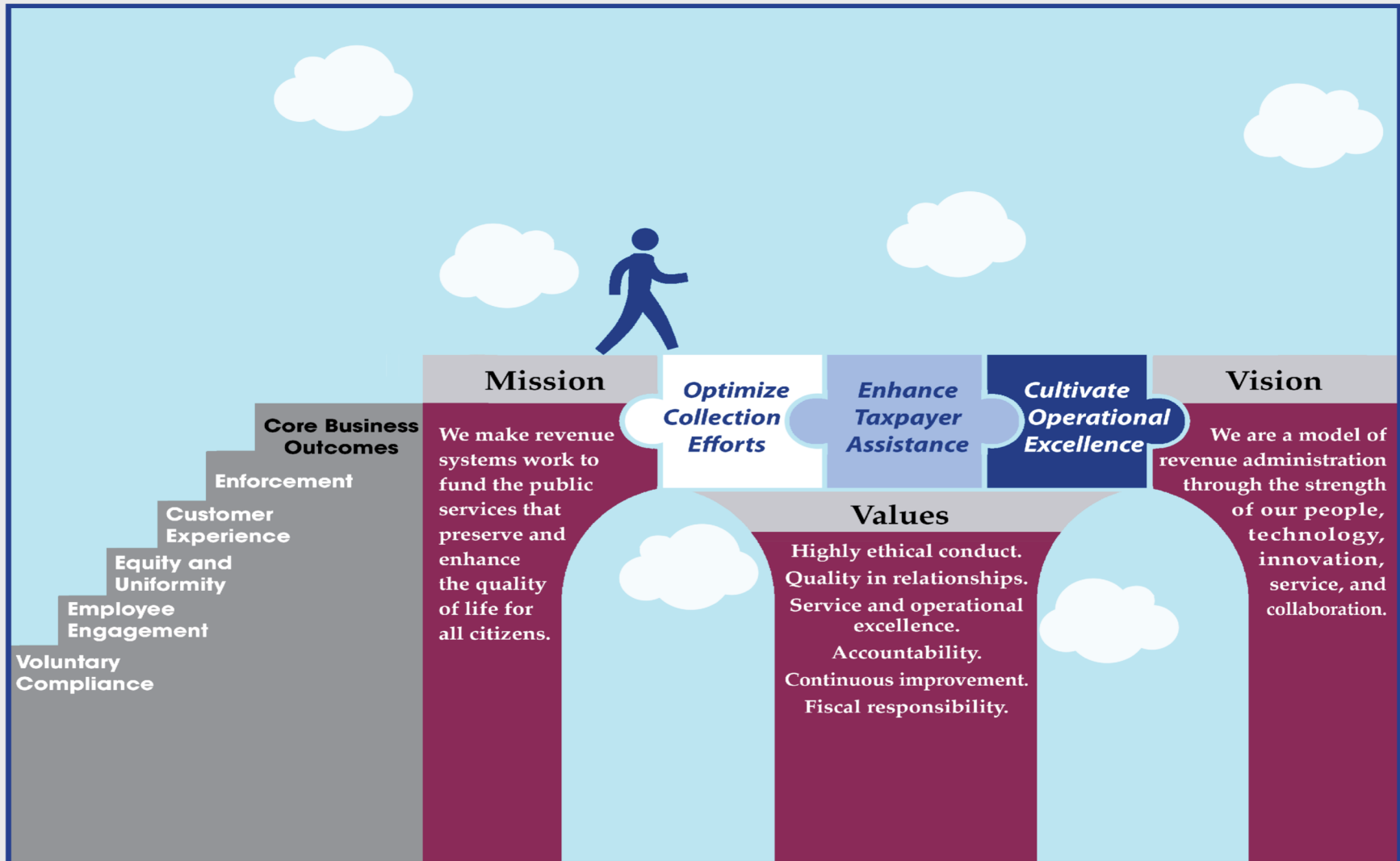
# Community of system users



# Strategic priorities

- **Optimize collection efforts**—clarify collections potential, improve methods, and more effectively communicate results.
- **Enhance taxpayer assistance**—create the tools and environment that make paying taxes an understandable and satisfactory experience for taxpayers.
- **Cultivate operational excellence**—clarify roles and responsibilities, promote data-driven decisions, and leverage staff potential to optimize agency performance.

# Strategic framework



# Accomplishments

- Package of transportation tax programs:
  - Vehicle privilege and use taxes.
  - Statewide transit tax.
  - Bicycle tax.
- Heavy Equipment Rental Tax (HERT).
- Collections provisions of SB 1067.
- Budget note completion.
- External audits.

# Looking to the future

- Implementing recommendations from multiple budget note reports.
- Continue optimizing use of our core system for more efficient tax administration.
- Improve security programs for employee and taxpayer safety.
- Continue modernization efforts through the Processing Center Modernization project.

# 2019-21 Governor's Budget

DOR	GF	OF	TF	Pos.	FTE
2017-19 LAB	\$194,469,572	\$129,820,700	\$324,290,272	1,101	963.28
2019-21 CSL	\$204,875,450	\$123,681,615	\$328,557,065	1,024	969.22
2019-21 GRB	\$200,411,318	\$58,273,914	\$258,685,232	1,031	974.04
CSL—GRB change	(\$4,464,132)	(\$65,407,701)	(\$69,871,833)	7	4.82



# Questions?

If you have additional questions after today,  
please contact:

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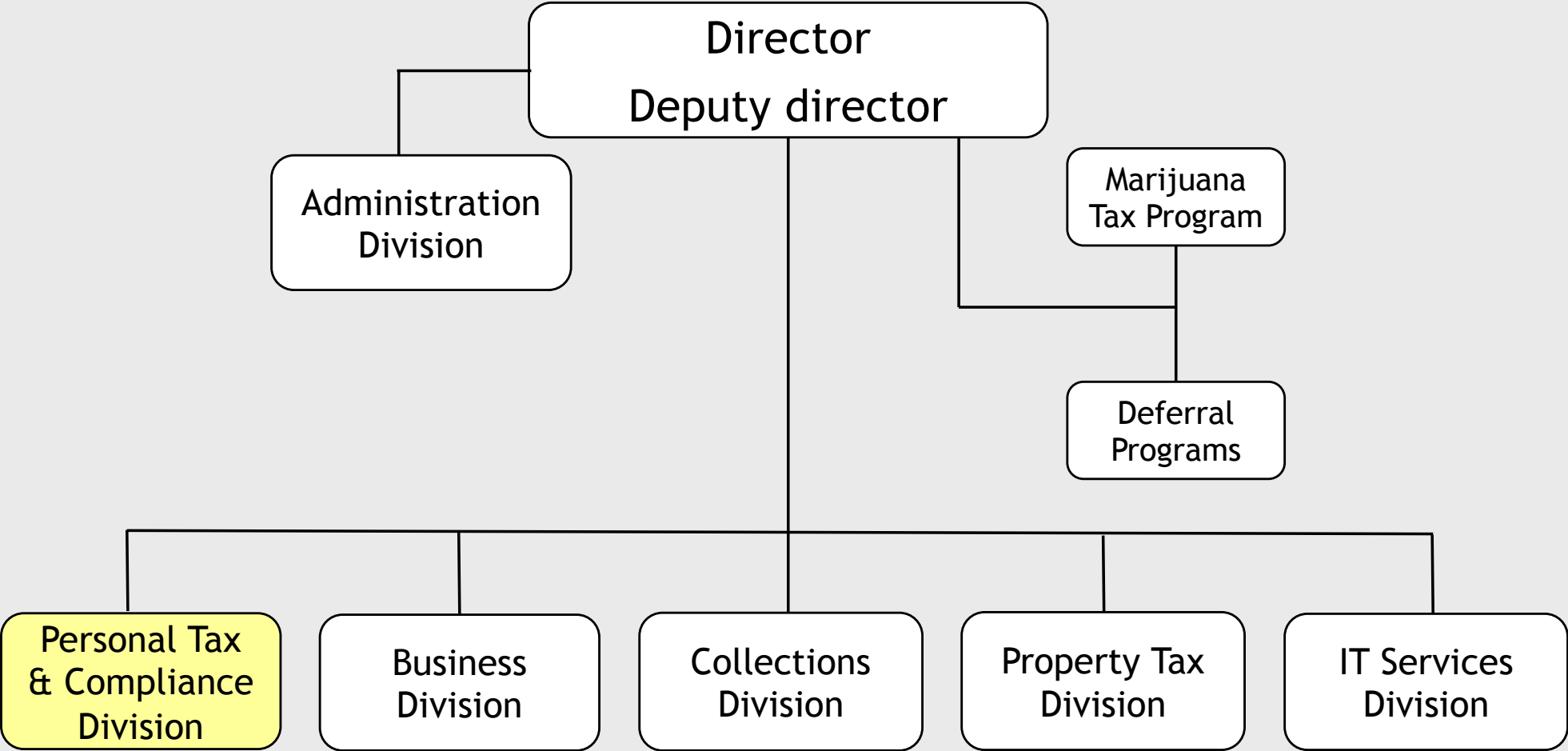
(503) 945-8214

# Personal income taxes

# Topics

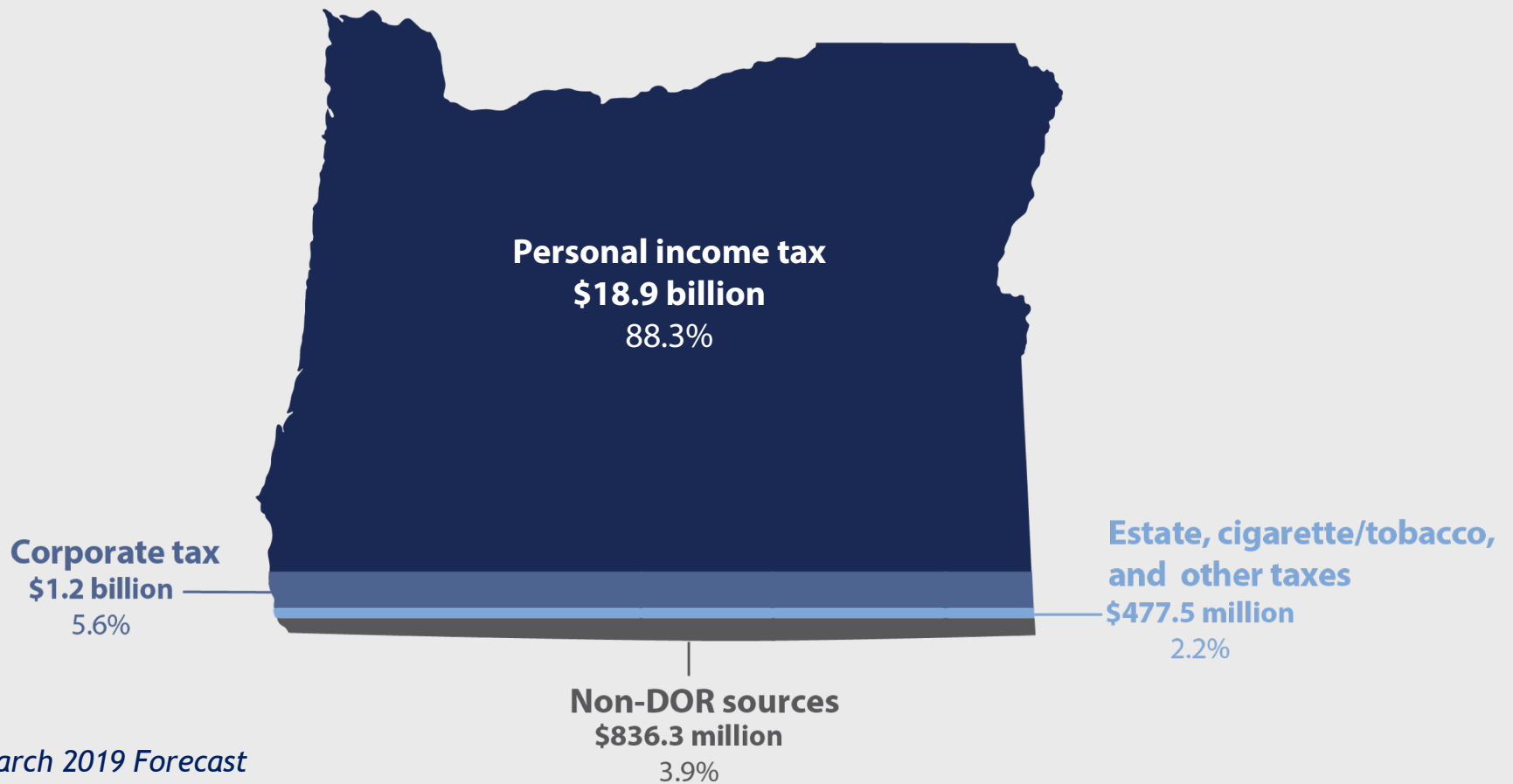
- State of the General Fund.
- Overview of personal income tax.
- How Oregon collects personal income tax.
- Balanced approach to compliance.
- Budget drivers and major issues.
- Accomplishments and major changes.
- Governor's Recommended Budget.
- Policy option packages and reductions.

# Division structure



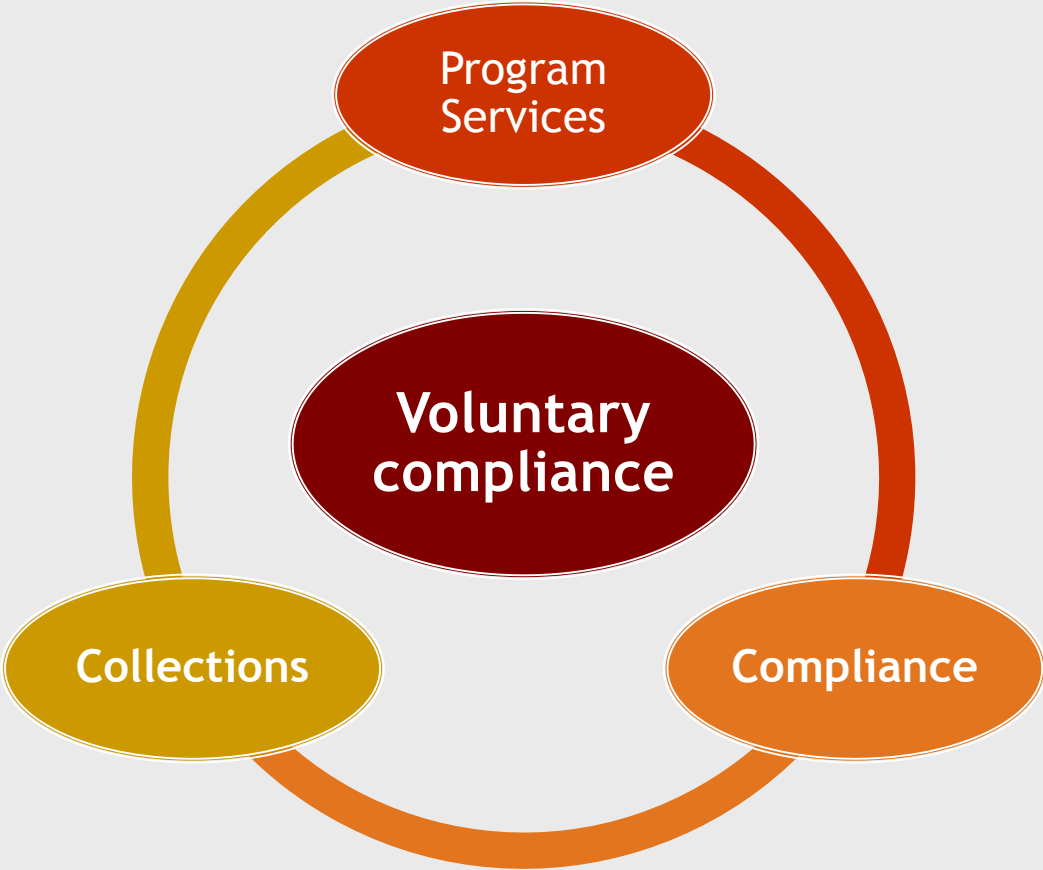
# State of General Fund

2019-21 General Fund  
(March 2019 OEA Forecast)



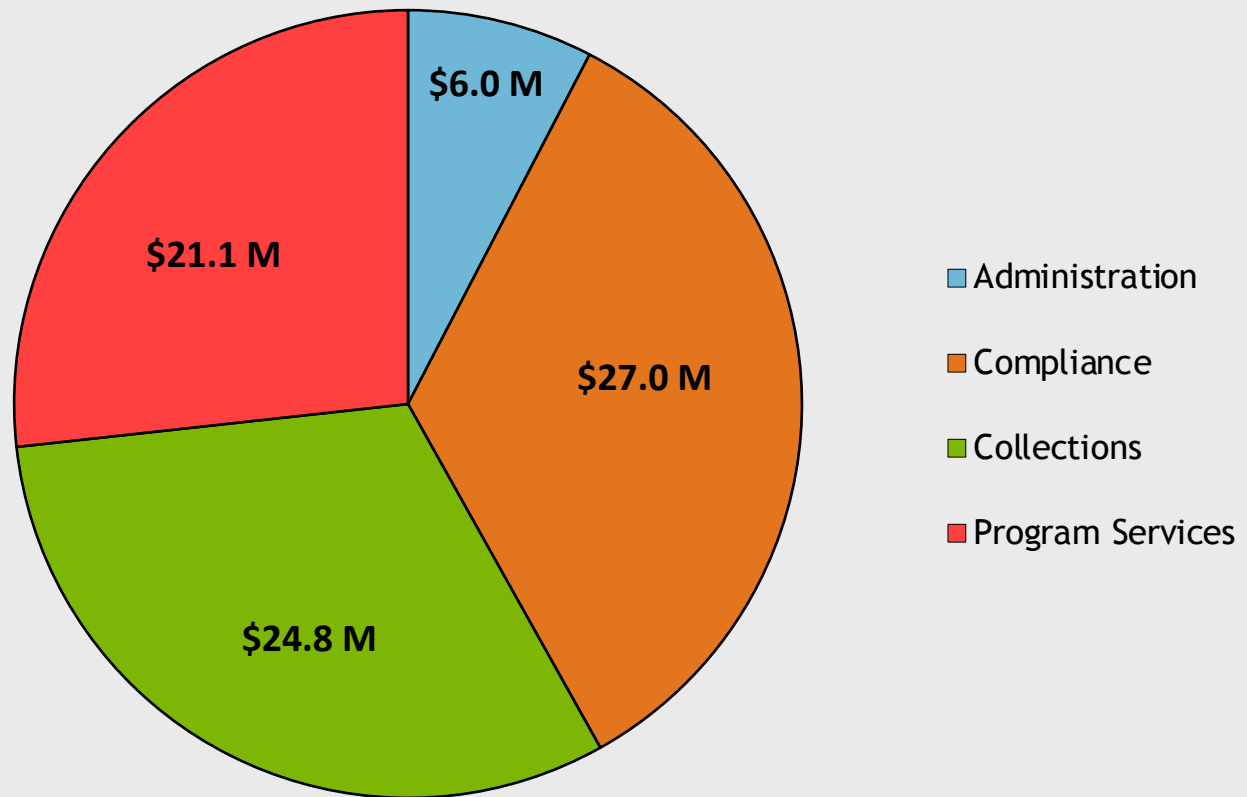
Source: March 2019 Forecast  
Office of Economic Analysis

# Division structure



# Total funds by program

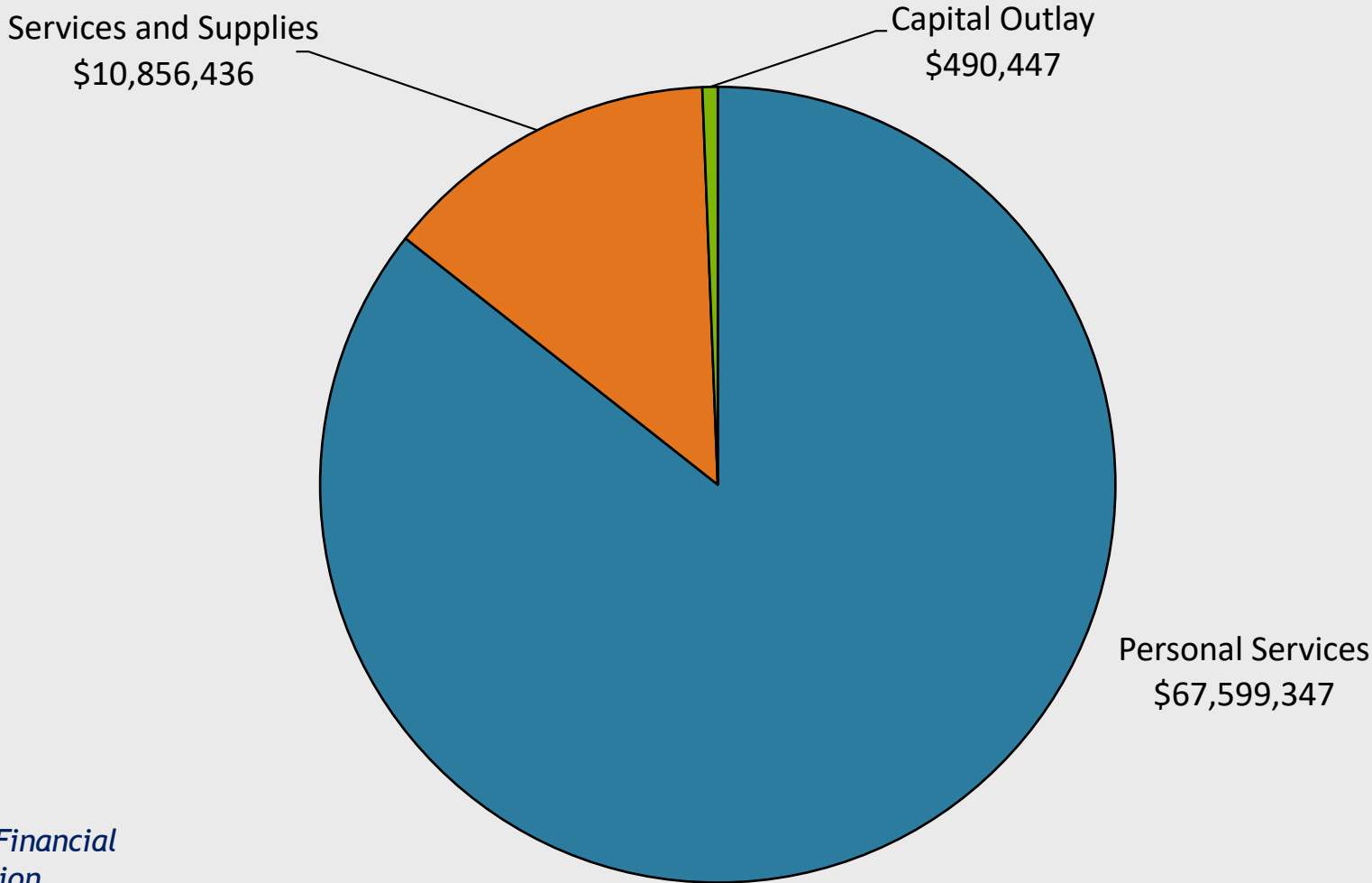
2019-21 Governor's Budget (GB)  
Personal Income Tax Total Funds by Program  
\$78,946,230



Source: DOR Financial Services Division

# Funds by expenditure category

## 2019-21 Governor's Budget



Source: DOR Financial Services Division



# Program Services Section



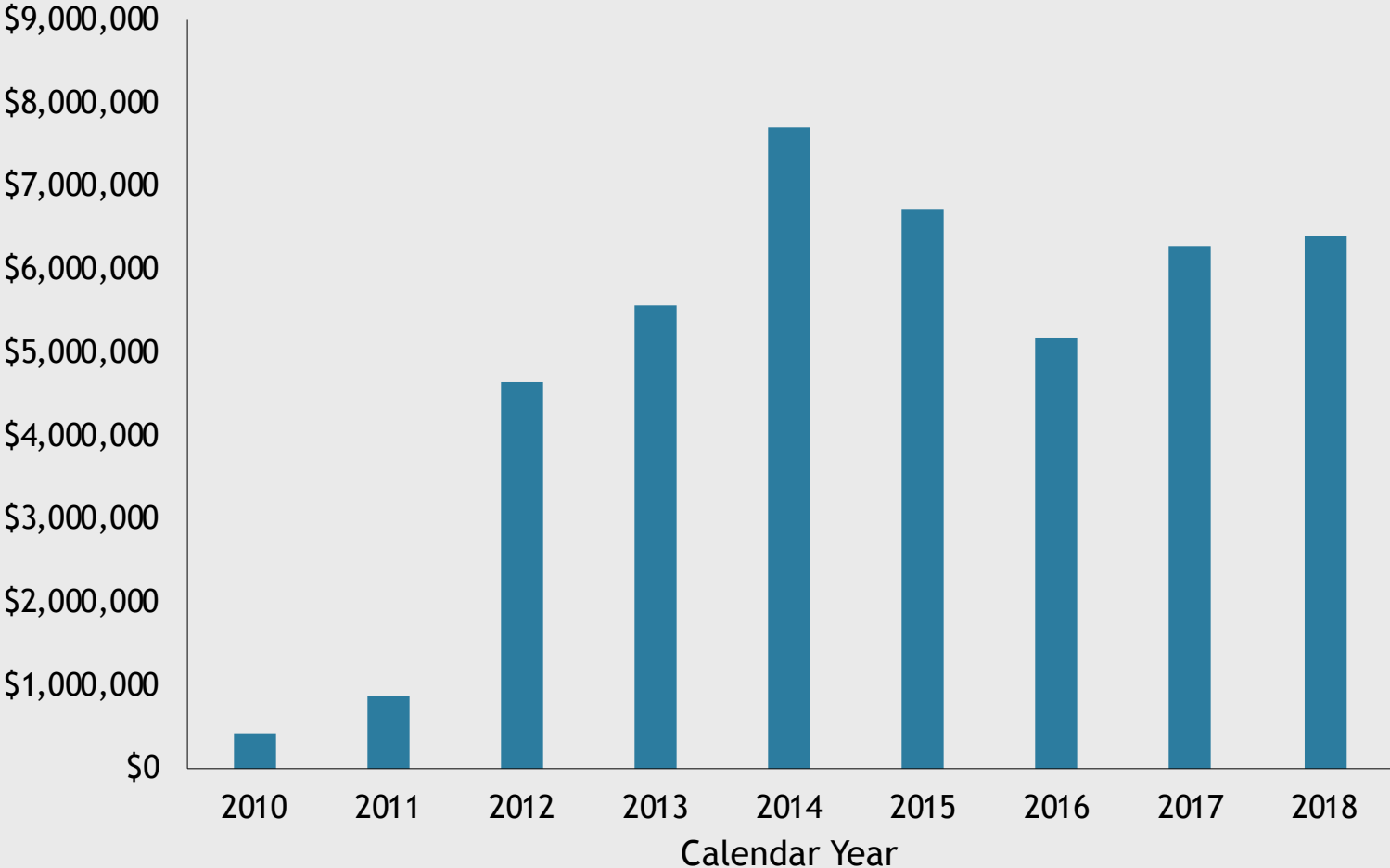
# Average time to process refunds

	2012	2013	2014	2015	2016	2017	2018
Actual days	10	7	8	5	16	17	18
Target days	12	12	12	12	12	12	8

Source: 2018 APPR (Agency KPM #2)

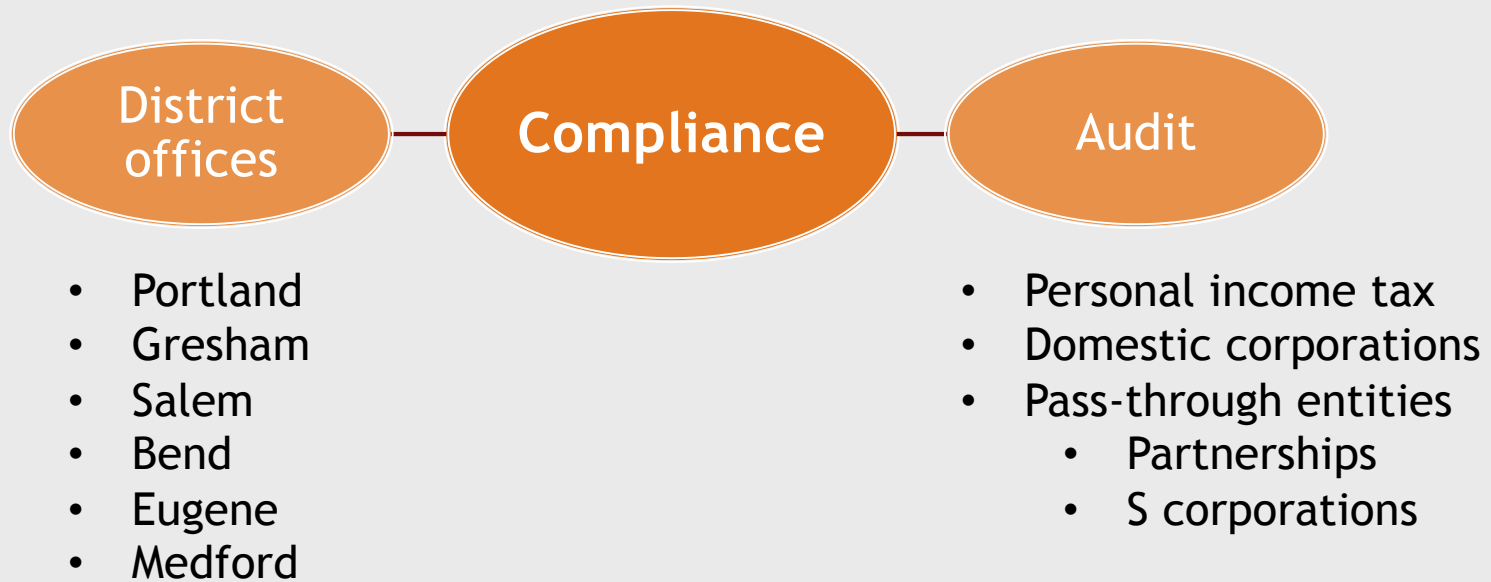
# Fraud

## Total fraud dollars stopped

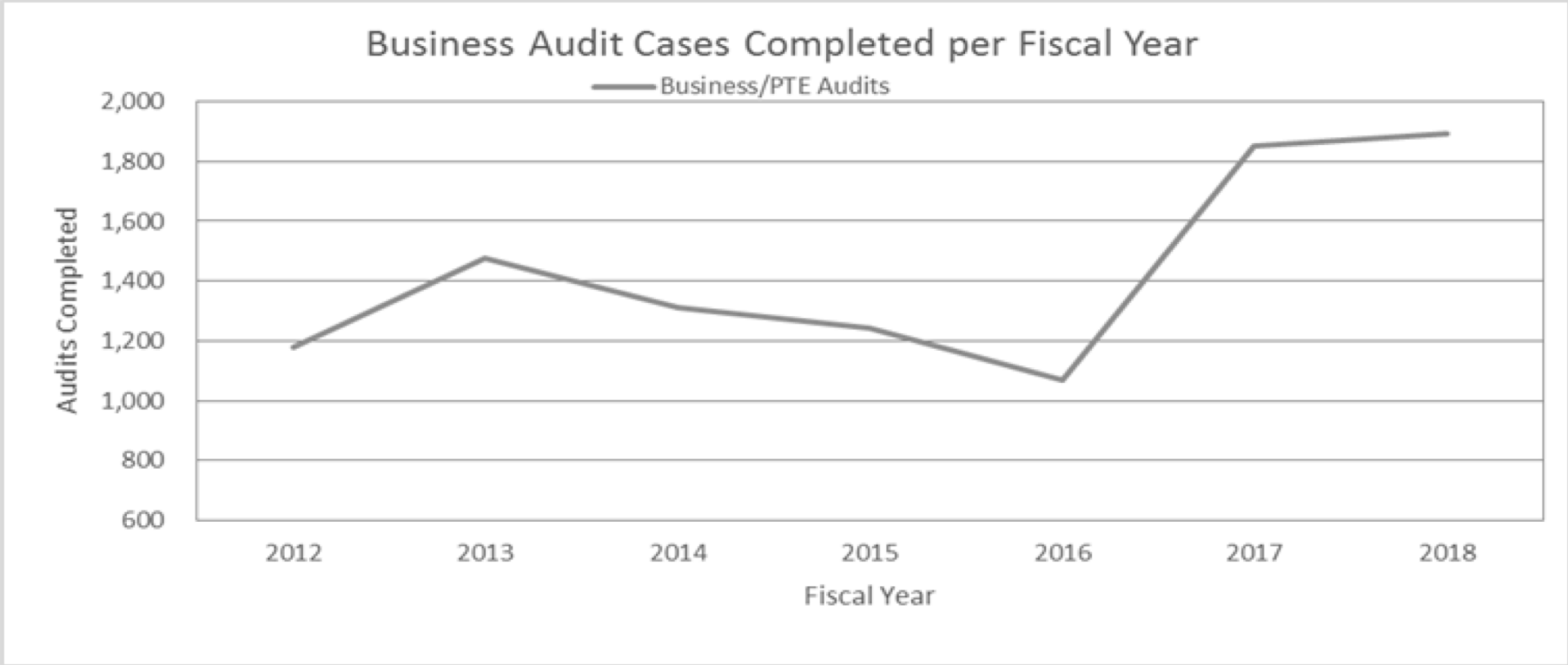


Source: PTAC Division

# Compliance Section

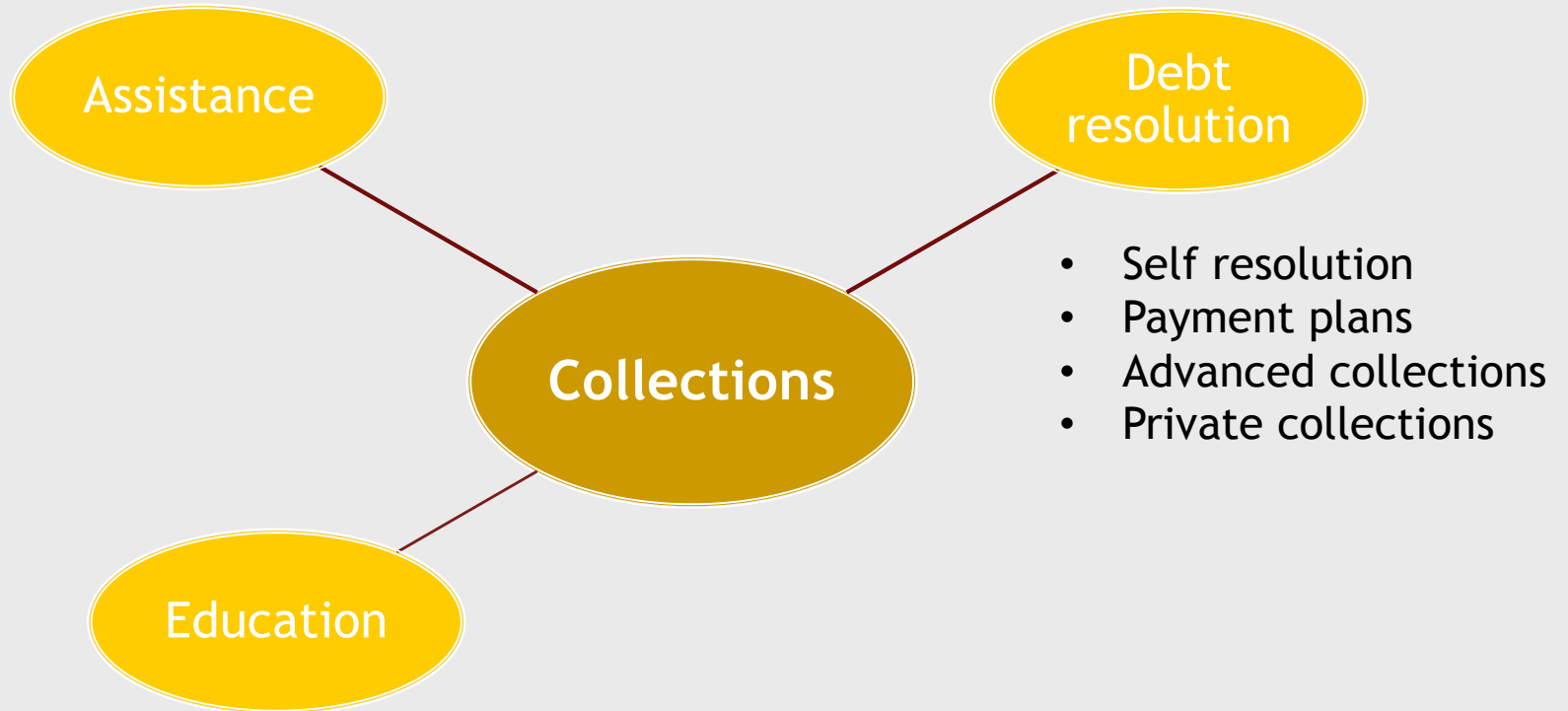


# Business audit activity



Source: PTAC Division

# Collections Section



# How Oregon collects PIT tax dollars

## Normal billing issued (Months 1-3)

**Self-assessment or deficiency notice issued.**

**Taxpayer pays tax.**

**Taxpayer enters into payment agreement.**

**Taxpayer exercises appeal rights.**

## Active collection by DOR (Months 3-12)

**Send legal collection notices.**

**Call taxpayer.**

**Locate assets—income, property.**

**Garnish assets—income, property.**

**Visit taxpayer.**

**Use advanced collections options—suspend professional license, seize assets.**

## Private collection firms (12+ months)

### **Used to collect when:**

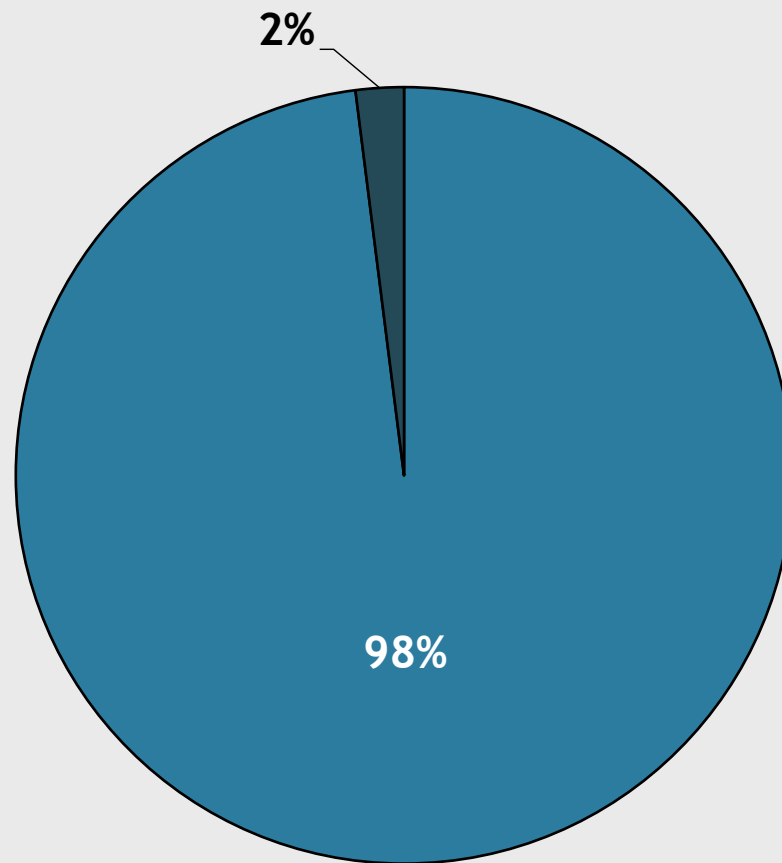
The debtor lives out of state.

They haven't made a payment in 12 months.

The account has a small balance.

Accounts are companionated (accounts already at PCF).

# Voluntary compliance



■ Voluntary payments    ■ Enforcement payments (audit and collections)

- Education
- Enforcement
- Assistance

FY 2018

Source: DOR Research Section



# Budget drivers and accomplishments

- Financial Institution Data Match (FIDM).
- Form OR-W-4 and state income tax withholding.
- Fossil Call Center.

# Fossil Call Center



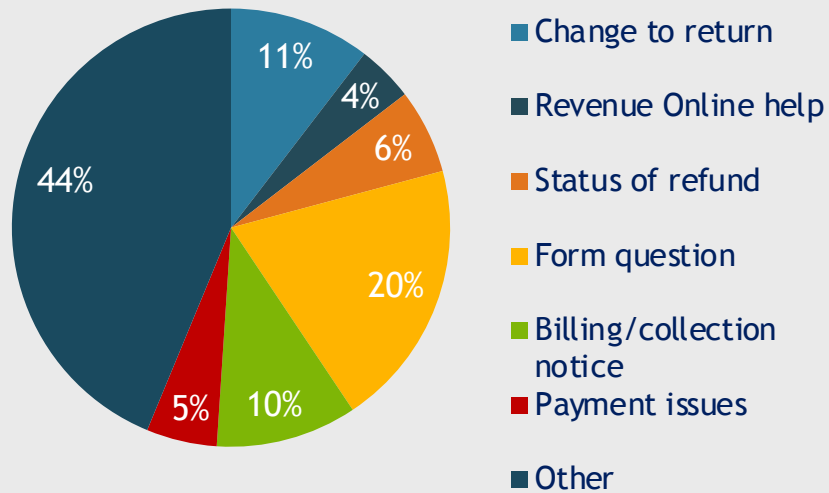
# Customer experience

## Improvements:

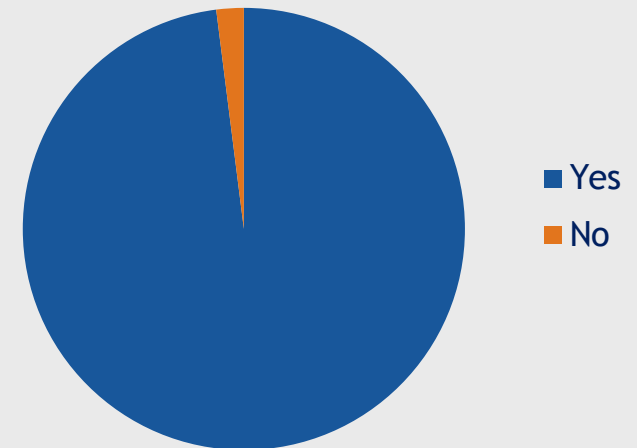
- Call wait times.
- Taxpayer assistance.
- Notices from DOR.
- Tax practitioner accounts.

# Tax practitioner phone line

## Reason for contacting DOR



## Were you satisfied with DOR's service?



Source: PTAC Division

# 2019-21 Governor's Budget

PTAC	GF	OF	TF	Pos.	FTE
2017-19 LAB	\$72,951,663	\$1,652,483	\$74,604,146	400	390.02
2019-21 CSL	\$80,053,791	\$1,829,203	\$81,882,994	393	392.17
2019-21 GRB	\$77,134,762	\$1,811,468	\$78,946,230	384	383.17
CSL—GRB change	\$(2,919,029)	\$(17,735)	\$(2,936,764)	(9)	(9.00)

# 2019-21 Governor's Budget

Package	Description	GF	OF	TF	FTE
090-092	CFO Adjustments	(\$3,085,058)	(\$47,034)	(\$3,132,092)	(9.00)
101	Funds Financial Institution Data Match (FIDM) program	\$166,029	\$29,299	\$195,328	0.00
	Package totals	(\$2,919,029)	(\$17,735)	(\$2,936,764)	(9.00)

**Package 090**—Analyst Adjustment: (\$2,684,123) FTE (9.00)

This package eliminates three long-term vacancies that will affect the bankruptcy unit and advanced collections. It will eliminate six positions that will affect customer service.

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

**Package 101**—SB 254 (2018): \$195,328

The package requests funding to pay required fees to banks for their participation in the state's bank account data matching function, and for a third-party service provider to help ensure that bank information is up to date.

# Questions?

If you have additional questions after today,  
please contact:

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