

# POPs, Reductions, and KPMs



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



May 6, 2019

150-800-550-3

# Budget Summary

	2017-19 LAB	2019-21 CSL	2019-21 GRB
General Fund	\$194,469,572	\$204,875,450	\$200,411,318
Other Funds	\$129,820,700	\$123,681,615	\$58,273,914
<b>Total Funds</b>	<b>\$324,290,272</b>	<b>\$328,557,065</b>	<b>\$258,685,232</b>
Positions	1,101	1,024	1,031
FTE	963.28	969.22	974.04

# Administration

# POP 102—Outcome-Based Management

	GF	OF	TF	Pos.	FTE
Personal Services	\$267,035	\$29,671	\$296,706	1	1.00
Total	\$267,035	\$29,671	\$296,706	1	1.00

Continues funding for a position supporting work initiated by the 2017 Legislature focused on advancing outcome-based management processes and products.

# Pkg. 090—CFO Adjustments

	GF	OF	TF	Pos.	FTE
Personal Services	(\$468,536)	(\$9,533)	(\$478,069)	(1)	(1.00)
Services & Supplies	(\$202,235)	\$0	(\$202,235)	0	0
Total	(\$670,771)	(\$9,533)	(\$680,304)	(1)	(1.00)

Eliminates an Information Systems Specialist 8 (ISS8) position.  
Reduces inflation increases.  
Increases vacancy savings percentage.

# Property Tax Division

# POP 107—Position funding: County Assessment Function Funding Assistance

	GF	OF	TF	Pos.	FTE
Personal Services	\$889,349	\$0	\$889,349	0	2.57
Services & Supplies	\$208,534	\$0	\$208,534	0	0
Total	\$1,097,883	\$0	\$1,097,883	0	2.57

Partially backfills funding for 21 Valuation Section positions and related services and supplies expenditures.

# POP 114—Revenue shift: County Assessment Function Funding Assistance

	GF	OF	TF	Pos.	FTE
Special Payments	\$0	(\$37,681,163)	(\$37,681,163)	0	0
Total	\$0	(\$37,681,163)	(\$37,681,163)	0	0

Technical adjustment to change CAFFA transfers from being a special payment to a revenue transfer.



# Pkg. 090—CFO Adjustments

	GF	OF	TF	Pos.	FTE
Personal Services	\$0	\$1,757,123	\$1,757,123	10	5.00
Services & Supplies	\$0	\$519,547	\$519,547	0	0
Capital Outlay	\$0	\$52,547	\$52,547	0	0
Total	\$0	\$2,324,478	\$2,324,478	10	5.00

LC 576 (HB 2014) provides 10 positions to improve timeliness and accuracy of industrial property appraisals and technical assistance for county appraisals. This helps address long-standing revenue shortfalls within the property tax division.

# Pkg. 070—Revenue Shortfall

	GF	OF	TF	Pos.	FTE
Personal Services	\$0	(\$777,898)	(\$777,898)	(1)	(3.78)
Services & Supplies	\$0	(\$175,348)	(\$175,348)	0	0
Capital Outlay	\$0	(\$15,977)	(\$15,977)	0	0
Total	\$0	(\$969,223)	(\$969,223)	(1)	(3.78)

Eliminates one position in the Senior Property Tax Deferral Section and eliminates Other Fund limitation tied to actions taken on packages 090 and POP 107 within the Property Tax Division.

# Pkg. 090—CFO Adjustments

	GF	OF	TF	Pos.	FTE
Personal Services	(\$755,812)	\$0	(\$755,812)	(4)	(2.38)
Services & Supplies	(\$36,849)	\$0	(\$36,849)	0	0
Total	(\$792,661)	\$0	(\$792,661)	(4)	(2.38)

Eliminates four positions (2.38 FTE) within Property Tax Division's Valuation Section.

Reduces inflation increases.

Increases vacancy savings percentage.

# Personal Tax and Compliance

# POP 101–SB 254 (2017) Financial Institution Data Match (FIDM)

	GF	OF	TF	Pos.	FTE
Services & Supplies	\$166,029	\$29,299	\$195,328	0	0
Total	\$166,029	\$29,299	\$195,328	0	0

Provides funding for required financial institution participation fees and costs for third-party vendor to keep banking information current.

# Pkg. 090—CFO Adjustments

	GF	OF	TF	Pos.	FTE
Personal Services	(\$2,555,779)	(\$28,183)	(\$2,583,962)	(9)	(9.00)
Services & Supplies	(\$128,344)	\$0	(\$128,344)	0	0
Total	(\$2,684,123)	(\$28,183)	(\$2,712,306)	(9)	9.00

Eliminates nine positions and related Services & Supplies expenditures supporting bankruptcy, collections, and customer service activities.

Reduces inflation increases.

Increases vacancy savings percentage.

# Business

# Pkg. 081—September E-Board

	GF	OF	TF	Pos.	FTE
Services & Supplies	\$0	\$26,790	\$26,790	0	0
Total	\$0	\$26,790	\$26,790	0	0

Increases Other Fund limitation to complete rollout of a data matching portal for the State Lodging Tax program.



# POP 106—Auditing within the State Lodging Tax Program

	GF	OF	TF	Pos.	FTE
Personal Services	\$0	\$184,064	\$184,064	1	1.00
Services & Supplies	\$0	\$29,493	\$29,493	0	0
Capital Outlay	\$0	\$7,314	\$7,314	0	0
Total	\$0	\$220,871	\$220,871	1	1.00

Increases Other Fund limitation to fund a dedicated auditing position within State Lodging Tax program and related position start-up costs.

# Pkg. 090—CFO Adjustments

	GF	OF	TF	Pos.	FTE
Personal Services	\$0	\$267,247	\$267,247	3	1.50
Services & Supplies	\$0	\$609,114	\$609,114	0	0
Total	\$0	\$876,361	\$876,361	3	1.50

Provides Other Fund limitation for 3 positions (1.50 FTE) to administer the Heavy Equipment Rental Tax program. Also funds related position and information technology costs.

# Pkg. 090—CFO Adjustments

	GF	OF	TF	Pos.	FTE
Personal Services	\$326,853	\$0	\$326,853	6	2.00
Total	\$326,853	\$0	\$326,853	6	2.00

Provides six positions (2.0 FTE) to administer the Employer Responsibility Assessment Fund proposed under HB 2269.

# Pkg. 090—CFO Adjustments

	GF	OF	TF	Pos.	FTE
Personal Services	(\$641,406)	(\$349,174)	(\$990,580)	4	(2.60)
Services & Supplies	(\$55,115)	\$0	(\$55,115)	0	0
Total	(\$696,521)	(\$349,174)	(\$1,045,695)	4	(2.60)

Eliminates 4 positions (2.60 FTE) no longer needed due to efficiencies.

Reduces inflation increases.

Increases vacancy savings percentage.

# Information Technology Services

# POP 110—Processing Center staffing

	GF	OF	TF	Pos.	FTE
Personal Services	\$0	\$1,302,575	\$1,302,575	11	11.00
Services & Supplies	\$0	\$117,202	\$117,202	0	0
Capital Outlay	\$0	\$80,454	\$80,454	0	0
<b>Total</b>	<b>\$0</b>	<b>\$1,500,231</b>	<b>\$1,500,231</b>	<b>11</b>	<b>11.00</b>

Provides Other Fund limitation for 11 limited-duration positions and related start-up costs to meet processing demands of the Statewide Transit Tax program.

# POP 111—Processing Center Modernization project

	GF	OF	TF	Pos.	FTE
Services & Supplies	\$780,007	\$67,826	\$847,833	0	0
Total	\$780,007	\$67,826	\$847,833	0	0

Continues funding to complete the Processing Center Modernization Project initiated by the 2017 Legislature.

# POP 112—Shared Services: core systems operations and maintenance

	GF	OF	TF	Pos.	FTE
Services & Supplies	\$4,408,510	\$352,321	\$4,760,831	0	0
Total	\$4,408,510	\$352,321	\$4,760,831	0	0

Provides funding for maintenance and support of the department's tax administration system.



# Pkg. 090—CFO Adjustments

	GF	OF	TF	Pos.	FTE
Services & Supplies	\$671,136	\$0	\$671,136	0	0
Total	\$671,136	\$0	\$671,136	0	0

Funds contracted information technology services necessary to implement the new Employer Responsibility Assessment Fund proposed under HB 2269.

# Pkg. 090—CFO Adjustments

Package	GF	OF	TF	Pos.	FTE
Personal Services	(\$1,413,185)	(\$102,928)	(\$1,516,113)	(5)	(3.87)
Services & Supplies	(\$555,808)	(\$81,600)	(\$637,408)	0	0
Total	(\$1,968,993)	(\$184,528)	(\$2,153,521)	(5)	(3.87)

Eliminates five positions (3.87 FTE) that support portfolio management, engineering services, and activities within the Processing Center. Eliminates maintenance costs for document scanners no longer needed.

Reduces inflation increases.

Increases vacancy savings percentage.

# Marijuana Tax

# POP 105—Marijuana program/income tax audits

	GF	OF	TF	Pos.	FTE
Personal Services	\$0	\$736,256	\$736,256	4	4.00
Services & Supplies	\$0	\$183,210	\$183,210	0	0
Capital Outlay	\$0	\$29,256	\$29,256	0	0
Total	\$0	\$948,722	\$948,722	4	4.00

Provides Other Fund limitation to add four audit positions and fund related start-up costs to provide auditing and education to taxpayers in the marijuana industry.

# Senior Citizens Property Tax Deferral

# POP 114—Revenue shift

	GF	OF	TF	Pos.	FTE
Special Payments	\$0	(\$32,292,180)	(\$32,292,180)	0	0
Total	\$0	(\$32,292,180)	(\$32,292,180)	0	0

Technical adjustment to move Senior Citizens Property Tax Deferral from a special payment to a revenue transfer.

# Non-Profit Housing for Elderly Persons

# Pkg. 090—CFO Adjustments

	GF	OF	TF	Pos.	FTE
Special Payments	(\$3,348,966)	\$0	(\$3,348,966)	0	0
Total	(\$3,348,966)	\$0	(\$3,348,966)	0	0

Eliminates General Fund transfers to counties to reimburse their costs for the Non-Profit Housing for Elderly Persons Program. The non-profit housing property tax exemption remains.



# Revenue Clearinghouse

# Bill proposals affecting budget

- HB 2153—Increases personal income tax revenues by \$45.9 million with two changes to the partnership—pass through tax expenditure: capping the pass-through income at \$1 million starting January 1, 2019 and excluding medical and legal professionals from using the expenditure starting January 1, 2019.
- HB 2270—Increases cigarette taxes by \$2 per pack starting December 1, 2020, adding \$105.3 million for Public Health and the Oregon Health Plan.
- HB 2123—adds vaporizer oil to the Other Tobacco Products tax program starting December 1, 2020, adding \$3.3 million for Public Health and the Oregon Health Plan.
- HB 2269—creates a new Employer Responsibility Assessment (Health Care Fund Contribution) that will be assessed on all employers based on the estimated cost of providing their employees with health insurance, also starting July 1, 2019. Employers who are below the minimum threshold of the estimated cost of providing insurance to their employees pay the Employer Responsibility Assessment, estimated at \$119.5 million, funding the Oregon Health Plan.

# Key Performance Measures

# KPM Proposed targets

		2017		2018		2019	2020
No.	Description	Actual	Target	Actual	Target	Target	Target
1	Average days to process personal income tax refund	17	12	18	8	8	16
2	Percent of personal income tax returns filed electronically	87%	82%	88%	88%	90%	90%
3	Employee training per year (percent receiving 20 hours per year)	75%	60%	64%	80%	85%	65%
4	Customer service—percent of customers rating their overall satisfaction as “good” or “excellent”	65%	98%	81%	98%	98%	85%

# KPM Proposed targets

		2017		2018		2019	2020
No.	Description	Actual	Target	Actual	Target	Target	Target
5	Effective taxpayer assistance—combination of direct assistance and self-help services	63	56	79	80	90	85
6	Appraisal program equity and uniformity—percentage of study areas with real-market values meeting accepted appraisal standards	95%	95%	96%	98%	98%	98%
7	Appraisal value uniformity—uniformity of agency industrial accounts	18%	20%	20%	30%	32%	20%

# KPM Proposed targets

		2017		2018		2019	2020
No.	Description	Actual	Target	Actual	Target	Target	Target
8	Direct enforcement dollars cost of funds	\$0.30	\$0.33	\$0.27	\$0.25	\$0.20	\$0.20
9	Collection dollars cost of funds	\$0.14	\$0.14	\$0.12	\$0.10	\$0.10	\$0.10
10	Cost of assessments	\$0.12	\$0.23	\$0.15	\$0.20	\$0.18	\$0.18
11	Employee engagement—index of employees considered actively engaged by a standardized survey.	56	60	55	80	85	

# Questions?

If you have additional questions after today,  
please contact:

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