



Agency response

*Questions from the Joint Committee on Ways and Means
Subcommittee on General Government*



May 6, 2019



How is the Financial Institution Data Match (FIDM) program working so far, and has it proven to be successful?

The FIDM program was authorized under SB 254 (2017) which required financial institutions to participate in a data match program with the department to locate bank accounts with potential funds to garnish.

In the past, the department would send out many garnishment notices to multiple institutions for each debtor hoping to find an existing account. FIDM enables us to send our debtor information through a central process to determine where an account might be held and at which institution. Garnishments are then sent to only the matched bank account tied to the specific debtor.

The funds provided by the 2018 Legislature were used to pay the startup costs of the third-party aggregator used by DOR to perform data matching, and paid to financial institutions for their startup costs as provided in SB 254. Additionally, both the aggregator and the financial institutions have ongoing quarterly matching expenses. These ongoing expenses will continue to be paid by DOR, up to the amount specified. To date, 88 percent of Oregon's financial institutions are participating in the program. We continue to work with the remaining institutions to achieve 100 percent participation. DOR has experienced some efficiencies through the program with participating institutions, and we still have the ability to garnish accounts at non-participating institutions.

The matching program assists us by streamlining our garnishment processes, reduces staff time spent on research, and helps us in the resolution of debt. From that standpoint, the program has proven to be successful. From the data matching reports provided from the aggregator, DOR has issued nearly 12,000 garnishments which resulted in payments received of nearly \$7 million.

Why are small businesses unable to electronically file their statewide payroll transit tax (HB 2017 from 2017)?

All businesses have the option to electronically file their quarterly Statewide Transit Tax returns, as well as the Oregon Annual Withholding Tax Reconciliation Report, that includes the statewide transit tax, through DOR's Revenue Online (ROL) system.

Prior to filing their first return, employers must create a ROL account enabling them to file returns and view information related to their DOR payment and filing history. Statewide transit returns are filed separately from the Oregon Combined Payroll Tax Report, however they may all be filed electronically.

The department originally considered mandating electronic filing of statewide transit returns when building administrative assumptions on HB 2017. However, input we received expressed concern that many small businesses throughout the state struggle with access to broadband internet connectivity to allow for electronic commerce. We didn't mandate electronic filing, but still established electronic filing methods for those able to use them.

Our fiscal request, and subsequent budget, for the new statewide transit tax included approximately \$1.2 million to configure our systems; specifically including electronic filing of returns, schedules, and electronic payments. It also included costs of approximately \$86,000 to mail a letter to every registered employer with a withholding account that we believed may also be subject to the statewide transit tax. Letters were sent to about 150,000 employers starting in February 2018. This letter provided an overview of the new tax and included information on how they could register, file, and pay on DOR's website. News releases were sent to statewide media outlets shortly before the statewide transit tax became effective to help inform the public about the new tax, its impact on employee wages, and what the tax revenues would be used for.

In addition to letters and information on the website, the Withholding Section's Outreach Coordinator provided

information on the statewide transit tax to all the business outreach events attended starting early in 2018. Many of the outreach events were coordinated through Oregon's Small Business Development Center Network.

The department's website provides information for how subject employers can file and pay. A bulk filing portal is available for large employers and payroll service providers using file transfer protocol. Smaller employers may use a department provided spreadsheet to import their data. Visit Oregon.gov/dor to learn more.