

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3373 - A3

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Michael Graham
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Date: June 14, 2021**Measure Description:**

Establishes the office of the Taxpayer Advocate in the Department of Revenue. Appropriates General Fund to the Department of Revenue and increases the department's Other Funds expenditure limitation.

Government Unit(s) Affected:

Department of Revenue (DOR), Oregon Judicial Department (OJD)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
Department of Revenue (DOR)		
General Fund		
Personal Services	321,168	442,415
Services and Supplies	36,163	50,895
Capital Outlay	14,262	
Total General Fund	\$371,593	\$493,310
Other Funds		
Personal Services	172,937	238,224
Services and Supplies	19,472	27,403
Capital Outlay	7,680	
Total Other Funds	\$200,089	\$265,627
TOTAL FISCAL IMPACT	\$571,682	\$758,937
Positions	3	3
FTE	2.33	3.00

Analysis:

House Bill 3373, as amended by -A3 amendments, establishes the office of the Taxpayer Advocate Office within the Department of Revenue (DOR). The Taxpayer Advocate, which is subject to all confidentiality and disclosure provisions applicable to DOR, must help taxpayers understand the policies and procedures available to them when resolving problems related to tax programs or debt collection programs administered by DOR. The DOR director must select the Taxpayer Advocate and employees of the office, which may include DOR employees. The Taxpayer Advocate may issue orders related to taxpayers experiencing significant hardship due to DOR action, but only in cases where the Taxpayer Advocate determines that DOR is not following applicable administrative rules or guidance related to DOR procedures. Orders issued by the Taxpayer Advocate may require DOR to cease action or refrain from additional action based upon a finding of significant hardship by the Taxpayer Advocate. The measure authorizes the DOR director or deputy director to review or rescind an order by the Taxpayer Advocate. If the director or deputy director modifies such an order, the director or deputy director must provide a written explanation to the Taxpayer Advocate. No later than February 15 of every odd-numbered year, the Taxpayer Advocate must submit a report to a committee of the Legislative Assembly related to revenue regarding the operations of the office. The measure appropriates \$371,593 General Fund to DOR and increases DOR's

expenditure limitation by \$200,089 Other Funds in the 2021-23 biennium. The measure takes effect 91 days after adjournment *sine die* and its provisions relating to the office the Taxpayer Advocate become operative on January 1, 2022.

Department of Revenue

The measure would have a fiscal impact on DOR. The office of the Taxpayer Advocate is a new office within DOR; thus, DOR requires a General Fund appropriation to prop up the office. The estimated fiscal impact is \$571,682 total funds, including \$371,593 General Fund, and 3 positions (2.33 FTE) for the 2021-23 biennium and \$758,937 total funds, including \$493,310 General Fund, and 3 positions (3.00 FTE) for the 2023-25 biennium. The costs include capital outlay for furniture and equipment, legal costs, salary and related expenses for the following permanent full-time positions: one permanent, full time Operations and Policy Analyst 4 to supervise the office, one permanent full-time Research Analyst 4 to research Oregon tax law and review taxpayers' disputes with DOR, and one permanent full-time Public Service Representative 4 to provide clerical support and provide customer support to taxpayers.

The Taxpayer Advocate will be located within the Administrative Services Division (ASD). Currently, the ASD budget is funded with a General Fund/Other Funds split. Because this office can represent any of the many tax programs within DOR, the Other Funds could be split across more than 30 revenue streams. The largest program at DOR is the Personal Income Tax program, which is funded with General Fund. In the 2023-25 biennium, DOR plans to do an analysis of the current Other Funds revenue streams to better align the Taxpayer Advocate's budget within ASD with available revenues while reducing General Fund.

Oregon Judicial Department

The measure would have a minimal fiscal impact on the Oregon Judicial Department.