

SB 1595 B BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Gorsek

Joint Committee On Ways and Means

Action Date: 02/28/24

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Senate Vote

Yeas: 8 - Anderson, Campos, Dembrow, Frederick, Gelsner Blouin, Knopp, Sollman, Steiner

Nays: 2 - Findley, Girod

Exc: 1 - Hansell

House Vote

Yeas: 11 - Breese-Iverson, Evans, Gomberg, Holvey, Lewis, Mannix, McLain, Pham K, Sanchez, Smith G, Valderrama

Nays: 2 - Helfrich, Owens

Prepared By: Patrick Heath, Department of Administrative Services

Reviewed By: Paul Siebert, Legislative Fiscal Office

**Department of Revenue
2023-25**

Budget Summary*

	2023-25 Legislatively Approved Budget⁽¹⁾	2024 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
			<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ -	\$ 631,834	\$ 631,834	100.0%
Other Funds Limited	\$ -	\$ 229,729	\$ 229,729	100.0%
Total	\$ -	\$ 861,563	\$ 861,563	100.0%

Position Summary

Authorized Positions	0	4	4
Full-time Equivalent (FTE) positions	0.00	1.87	1.87

⁽¹⁾ Includes adjustments through January 2024

* Excludes Capital Construction expenditures

Summary of Revenue Changes

Senate Bill 1595 increases the amounts exempt from execution of a judgment or garnishment to collect unpaid debt. Due to these higher exemptions, the bill will result in a revenue reduction in 2023-25, of \$2.0 million to the General Fund and \$2.8 million Other Funds reduction spread between the Unemployment Insurance program (\$1.0 million) and the Paid Leave Oregon program (\$0.8), with the remaining \$1.0 million in reduced revenue coming from lower collections for the Department of Revenue’s (DOR) Other Agency Accounts program. The revenue reduction will increase to \$8.6 million General Fund and \$12.0 million Other Funds in 2025-27.

The bill appropriates General Fund to the DOR and Other Fund revenues to support the bill will come from DOR’s allocation of administrative costs to the revenue sources it collects.

Summary of General Government Subcommittee Action

Senate Bill 1595 increases the amounts exempt from execution of a judgment or garnishment to collect unpaid debt and increases the damage award for violations of the Unlawful Debt Collection Practices Act. This includes the following changes:

- Increases the value of a vehicle exempt from garnishment from \$3,000 to \$10,000.
- Increases the amount of a homestead exemption from \$40,000, or \$50,000 when two or more individuals have an interest in the homestead, to \$150,000 or \$300,000, respectively.

- Exempts \$2,500 from financial account garnishment and indexes the exemption to inflation.
- Increases the amount of disposable earnings exempt from garnishment of non-tax debts. The bill phases in the exempt amounts beginning January 1, 2025. The exemption is linked to a percentage of Oregon's minimum wage starting July 1, 2027.

These changes do not apply to debts from child support, spousal support, or restitution. The bill applies to garnishments issued on or after January 1, 2025.

The Subcommittee recommended \$631,834 General Fund, \$229,729 Other Funds expenditure limitation, three permanent full-time positions and one limited duration position (1.87 FTE) for DOR to implement the bill. DOR would need to update the agency's GenTax tax administration system to provide an updated online portal for garnishees, support new forms, and support an updated garnishment challenge process and differentiation between the different types of debt included in the measure. To accomplish this work, the Information Technology Services Division will need one limited duration Information Systems Specialist 7 (0.54 FTE) to manage Gentax program updates, one Information Systems Specialist 6 to perform ongoing maintenance and support for Gentax due to the anticipated increase in future change requests and service needs (0.25 FTE), and one Operations and Policy Analyst 3 to build Gentax requirements and tests changes to the system (0.54 FTE). The Information Technology Services Division will also need \$280,665 General Fund and \$83,835 Other Funds expenditure limitation on a one-time basis for contracted services for updates and testing for Gentax to meet the timelines of the bill.

The Collections Division will need one Operations and Policy Analyst 2 position (0.54 FTE) to update forms and systems related to garnishments, train staff, and process additional garnishment hearings.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Revenue
Patrick Heath -- 503-983-8670

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
SCR 007 - Collections Division									
Personal Services	\$ 61,919	\$ -	\$ 56,022	\$ -	\$ -	\$ -	117,941	1	0.54
Services and Supplies	\$ 5,729	\$ -	\$ 5,184	\$ -	\$ -	\$ -	10,913		
SCR 009 - Information Technology Services Division									
Personal Services	\$ 258,311	\$ -	\$ 77,158	\$ -	\$ -	\$ -	335,469	3	1.33
Services and Supplies	\$ 305,875	\$ -	\$ 91,365	\$ -	\$ -	\$ -	397,240		
SUBCOMMITTEE RECOMMENDATION *	\$ 631,834	\$ -	\$ 229,729	\$ -	\$ -	\$ -	861,563	4	1.87
% Change from 2023-25 Leg Approved Budget	100.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%

*Excludes Capital Construction Expenditures