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2009-09-22

Enrolled
House Bill 3082

Sponsored by Representative READ; Representatives BARNHART, BENTZ, BRUUN, BUCKLEY, FREEMAN, GARRETT, GELSER, HOLVEY, KAHL, RILEY, Senators BATES, BURDICK, HASS, MONNES ANDERSON, MORSE, ROSENBAUM, STARR

CHAPTER

AN ACT

Relating to tax compliance; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2009 Act is added to and made a part of ORS chapter 305.

SECTION 2. (1) The Department of Revenue may, in conjunction with state agencies, boards or commissions that issue occupational licenses or licenses for the privilege of engaging in an occupation or profession within this state, develop and implement a pilot project that requires, as a condition of issuance or renewal of a license, licensees to demonstrate compliance with the following, as applicable:

(a) The personal income tax laws of this state, including the withholding laws in ORS 316.162 to 316.221.

(b) The corporate excise or income tax laws of this state.

(c) The provisions of ORS 323.005 to 323.482 or 323.500 to 323.645.

(2) Any state agency, board or commission that participates in the pilot project authorized under subsection (1) of this section may suspend, revoke or refuse to issue or renew a license if the department determines that the licensee has failed to demonstrate or maintain tax compliance as provided in this section.

(3) Notwithstanding ORS 314.835 and 314.840, the department may disclose to a state agency, board or commission that requires tax compliance as a condition of issuance or renewal of a license under subsection (1) of this section whether an individual or corporation is in compliance.

(4) In determining compliance for purposes of this section, the department may consider whether the individual or corporation:

(a) Has not filed required returns or reports with respect to taxes imposed by ORS chapter 316 or 317, whichever is applicable, for any of the three tax years immediately preceding a year for which a tax return or report was required to be filed;

(b) Has not filed required reports with respect to taxes imposed under ORS 323.005 to 323.482 or 323.500 to 323.645 for any of the three calendar years immediately preceding a year in which a report was required to be filed;

(c) After all appeal rights, if any, have expired, has failed to:

(A) Pay any tax within 30 days after the date of the assessment and is still delinquent on any payments due;

(B) Enter into an approved payment plan within 60 days after the date of the assessment of the tax; or

(C) Follow the terms of an approved payment plan and is still delinquent on any payments due; or

(d) Has been convicted of a criminal offense related to the personal income tax laws of this state, the corporate excise and income tax laws of this state or the provisions of ORS 323.005 to 323.482 or 323.500 to 323.645, whichever are applicable.

(5) The department may enter into agreements with any state agency, board or commission that participates in the pilot project under subsection (1) of this section in order to assist in the administration of the tax compliance requirement.

(6) Participation in the pilot project authorized under subsection (1) of this section is limited to three state agencies, boards or commissions.

SECTION 3. The Department of Revenue shall report to the Seventy-sixth Legislative Assembly no later than January 31, 2011, on the operation and effectiveness of the pilot project authorized in section 2 of this 2009 Act.

SECTION 4. Section 2 of this 2009 Act is repealed on January 2, 2016.

SECTION 5. This 2009 Act takes effect on the 91st day after the date on which the regular session of the Seventy-fifth Legislative Assembly adjourns sine die.

Passed by House May 7, 2009

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Chief Clerk of House

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Speaker of House

Passed by Senate June 9, 2009

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President of Senate

Received by Governor:

.....M.,....., 2009

Approved:

.....M.,....., 2009

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Governor

Filed in Office of Secretary of State:

.....M.,....., 2009

.....
Secretary of State



Oregon

Theodore R. Kulongoski, Governor

Department of Revenue
955 Center St NE
Salem OR 97301-2555

HB 3082 Frequently Asked Questions

September 14, 2009

According to HB 3082:

The Department of Revenue may, in conjunction with state agencies, Boards or commissions that issue occupational licenses or licenses for the privilege of engaging in an occupation or profession within this state, develop and implement a pilot project that requires, as a condition of issuance or renewal of a license, licensees to demonstrate compliance with the following, as applicable:

- (a) The personal income tax laws of this state, including the withholding laws.
- (b) The corporate excise or income tax laws of this state.
- (c) The cigarette and other tobacco products laws of this state.

Any state agency, board or commission that participates in the pilot project may suspend, revoke or refuse to issue or renew a license if the department determines that the licensee has failed to demonstrate or maintain tax compliance.

Q: What is happening now with the pilot?

A: The Department of Revenue is communicating and meeting with a limited number of Licensing Boards to answer questions, explain processes, resource needs, and then identifying which three are able to participate in the pilot.

Q: Does the pilot cover new licenses or renewals or both?

A: The pilot will focus on renewals only.

Q: Does the pilot cover compliance with all the tax programs listed above?

A: While we encourage all licensees to be in compliance with all tax programs, the pilot project will focus on the personal income tax program and individuals applying for license renewal only.

Q: What does "compliance" mean?

A: Prior to the re-issuance of a license, the individual must have filed required returns or reports with respect to personal income tax laws for the preceding three (3) years. In addition, if the licensee has a tax balance, they must be in an acceptable payment plan with the Department.

Q: What information will be shared with the Licensing Boards?

A: The Department of Revenue will not share any confidential information with the licensing board other than an indication whether or not the licensee is or is not in compliance.

Q: What is the resource burden on the Board?

A: Limited. The Board resources that are needed include:

- Adopting a rule requiring licensees to be in compliance with the tax laws listed above prior to licenses being reissued.
- Providing the Department with an electronic list of individual licensee information to create a baseline of compliance rates.
- Jointly working with the Department to provide licensees clear communication (paper or electronic) on the compliance requirement and adequate lead time to complete any necessary work.
- Providing the Department with an electronic list of individual licensees that are applying for license renewal to verify tax compliance.
- When processing the license renewal application, verifying the licensee is listed in the "Yes, the licensee is in compliance" list. If they are not in the list, the license is not issued to the licensee.

Q: What is the burden on the licensee?

A: If the licensee is in compliance, there are no requirements. If the licensee is not in compliance, they will need to contact the Department and work with the Department to obtain compliance (i.e., file returns and/or make payment arrangements).

Q: What is the compliance check process?

A: The Licensing Board will submit to the Department an electronic list of individual licensees applying for renewal. The Department will then perform a compliance check to verify compliance in the personal income tax program. The Department will then send an electronic list to the Licensing Board indicating which licensees are in compliance and which are not.

Q: What if the licensee is not in compliance? How do they get back into compliance?

A: The Department will have a process in place and resources available to assist the licensee in obtaining compliance.

Q: What if the Licensing Board sees a reduction in individuals or entities applying for new licenses or a reduction in those renewing their license? How will the impact on the Board be addressed?

A: In today's economy, it may be difficult to know if the reduction in licensees is due to the pilot project or another external force. We do acknowledge however, this is a concern for the Boards. To address the issue, at the beginning of the pilot a listing of all current licensees will be noted and compliance rates will be determined to create a baseline of tax compliance. After the first year of the pilot program, a new list of licensees will be requested from the Board and matched against the baseline list. The results will be documented and reviewed with the pilot project partners. Partners include the Licensing Boards, the Legislature, and the Department.

For additional information, please contact Eric D. Smith at the Oregon Department of Revenue at (541) 388-6128 or at Eric.D.Smith@state.or.us.

Executive Summary

In February 2008, the Department of Revenue launched a comprehensive study of individual income tax compliance in Oregon. Prompted by a request from the Legislature during the 2008 special session, we began building a report that:

- Estimates the level of individual taxpayer compliance in Oregon;
- Identifies behavior that contributes to noncompliance;
- Identifies initiatives and makes recommendations to improve the level of compliance.

We consulted with external sources and identified best practices of other states and the IRS in making our recommendations. We engaged in several data-gathering activities including a survey by Oregon State University that measured taxpayer attitudes, internal focus groups with key staff, and a thorough review of income tax compliance best practices across the country.

These are the major report themes:

- Along with Oregon, the Internal Revenue Service and other states face significant compliance issues.
- The tax compliance rate provided is truly an estimate. Estimating the tax compliance rate is an extremely complex endeavor, and measuring improvement in compliance will be equally complex.
- We use a balanced approach of education, assistance, and enforcement to encourage compliance.
- Third-party reporting and verification are crucial to improving compliance.
- When the public perceives that tax laws are enforced, they are more likely to be compliant.
- The complexity of the tax code contributes significantly to noncompliance.
- Optimizing audit case selection and processes can provide a better return on investment.
- Disclosure laws hinder our ability to partner with other agencies in compliance efforts and enforce multiple state programs (i.e., unemployment, workers' compensation).

Some of what we learned surprised us, some affirmed what we're presently doing to ensure compliance, and some have already led us to make changes in the way we do business. We've spent considerable time evaluating our processes and considering best practices that would move us toward increased compliance.

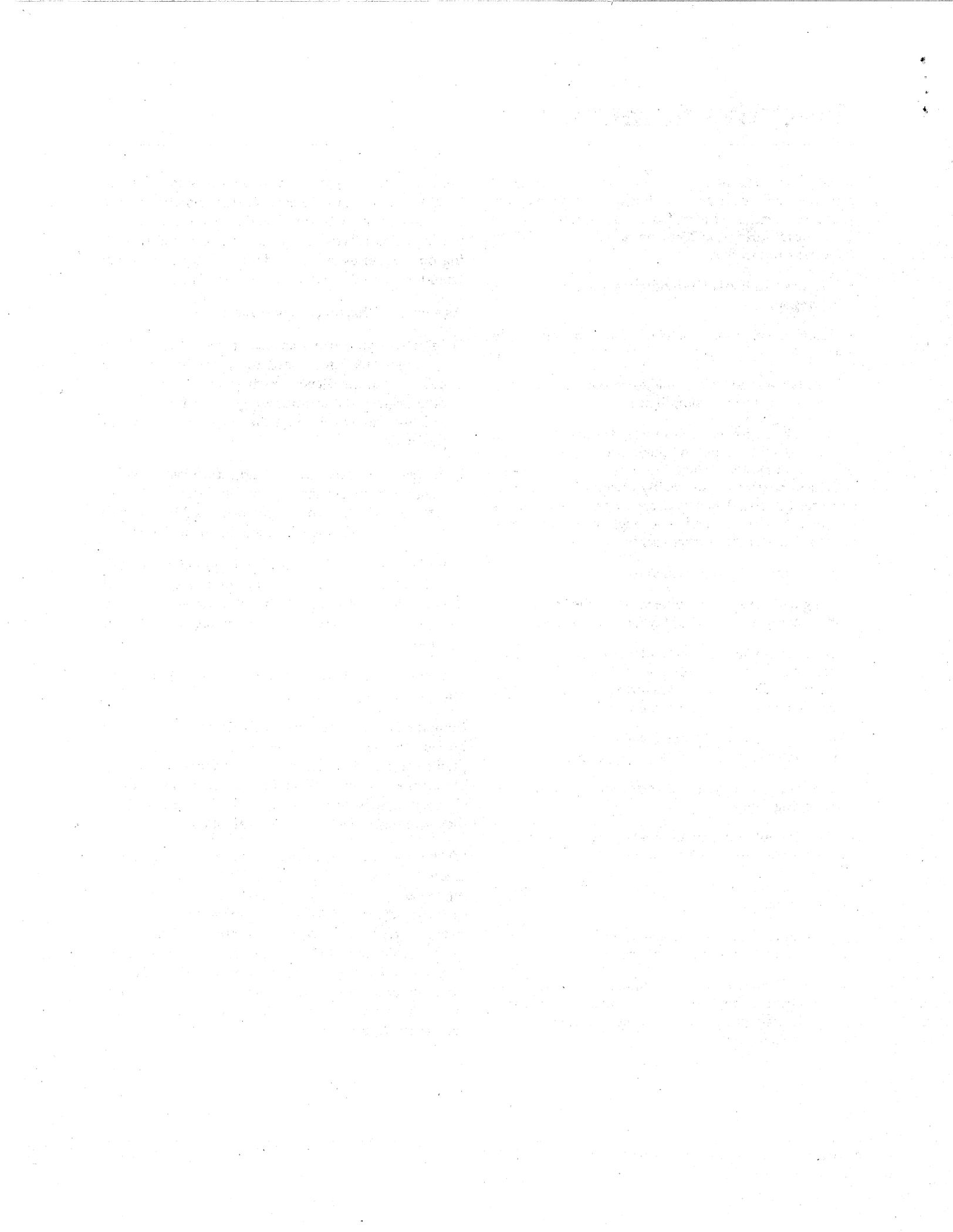
As a result of this process, we've identified:

- 1) Initiatives we can undertake immediately with no additional resources needed, including adopting collection and audit best practices, collaborating with other state agencies, improving some of our current processes, and exploring better ways to measure our performance;
- 2) Suggested actions you, the Legislature, can consider, ranging from expanding our disclosure authority when working with our partners, to establishing specific statutes relating to our enforcement activities.
- 3) Initiatives we could undertake if provided with additional resources, including updating outdated systems, establishing additional revenue-generating positions, and carrying out comprehensive outreach efforts.

The report also contains several appendices that elaborate on some of the detailed issues.

Compliance is our business. We believe strongly in our mission to "make revenue systems work to fund the public services that preserve and enhance the quality of life for all citizens." When individual income taxpayers intentionally or unintentionally do not pay what they owe under the law, it affects all of us.

We believe there is a significant gap between the amount of tax that should be reported and paid and the amount that actually is paid. Measuring the gap is extremely difficult. While we estimate the compliance level in Oregon to be over 80 percent, we believe we could be doing more to impact compliance and to reduce the gap by adopting best practices, recommending legislative changes, and adding resources. We look forward to working with you to find solutions, and will provide updates throughout this process.



File handout 2009-09-22



Welcome to Oregon's tax amnesty website.



Amnesty application

Tax forms

Interest Calculator

Calculate how much interest would be due under the amnesty program.

Coming September 18th

Amnesty advertisements

Coming soon

Frequently asked questions

Oregon Department of Revenue

Senate Bill 880 (2009)

Amnesty contact information:

Phone: 503-378-4988

Toll free: 800-356-4222

TTY: 800-886-7204

Email:

oregon.taxamnesty@state.or.us

Address for all amnesty correspondence, applications, returns and payments:

Oregon Department of Revenue

Attention: Tax Amnesty

PO Box 14750

Salem, OR 97309-0466

What is tax amnesty?

Tax amnesty is an opportunity for taxpayers to file or amend tax returns in exchange for a waiver of penalty and partial interest.

The Oregon tax amnesty program *does not* apply to taxpayers who already owe a tax debt, whether or not you're making payments.

When is tax amnesty?

- Applications must be filed between October 1, 2009 and November 19, 2009.
- Tax returns must be filed between October 1, 2009 and January 19, 2010.

What taxes and tax periods are included?

Amnesty is available for all tax years or periods prior to 2008.

- Personal income taxes,
- Lane and Tri-Met Transit District self-employment taxes,
- Corporate income and excise taxes, and
- Trust and estate income taxes.

Inheritance tax returns originally due before January 1, 2008. This means the date of death must have been prior to April 1, 2007.

What are the benefits of participating in tax amnesty?

- Full waiver of all penalties otherwise due under Oregon law; penalties can be more than the actual tax owed.
- Waiver of half the interest owed.

Who qualifies for tax amnesty?

- Taxpayers who have past due tax returns,
- Taxpayers who have filed returns but need to amend them.

Who does not qualify for tax amnesty?

- Taxpayers who already received a bill for tax from the department for a year they'd like to apply for amnesty.
- Taxpayers who need to file returns for
 - tobacco taxes;
 - employer withholding taxes; or
 - tax programs not specifically stated above.

How do I get tax amnesty?

You will get amnesty if you meet all the above requirements, and:

- File an amnesty application with the Department of Revenue between October 1, 2009 and November 19, 2009. Your application must ask for amnesty on all required years.
- File your returns no later than January 19, 2010.
- Pay the entire tax liability plus one-half of the interest due.

No extensions are available for any amnesty deadlines.

Remember to write "Amnesty" across the top of all returns filed under the amnesty program.

Consumer Alert! In Oregon, paid tax preparers must either be a Certified Public Accountant, attorney, or licensed as a tax preparer or tax consultant.

[Click here](#) to find a licensed tax preparer or licensed tax consultant in your area.

[Click here](#) to find a Certified Public Accountant in your area.

Page last updated September 14, 2009. The Department of Revenue will update this page regularly. Please check back often for the latest information.

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