

TAXPAYER ADVOCACY IN OREGON





Land Recognition

We would like to acknowledge the many tribes and bands who call Oregon their ancestral territory, including: Burns Paiute, Confederated Tribes of Coos, Lower Umpqua and Siuslaw, Confederated Tribes of Cow Creek Lower Band of Umpqua, Confederated Tribes of Grand Ronde, Confederated Tribes of Siletz Indians, Confederated Tribes of Warm Springs, Confederated Tribes of Umatilla Indian Reservation, Coquille Tribe, and Klamath Tribes; and honor the ongoing relationship between the land, plants, animals, and people indigenous to this place we now call Oregon. We recognize the continued sovereignty of the nine federally recognized tribes who have ties to this place and thank them for continuing to teach us how we might all be here together, and we continue to strive to work on a government-to-government basis with the nine federally recognized tribes.

Acknowledgments

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Oregon Community Foundation

Our Children Oregon

Tax Professionals and Administrators:

Oregon Department of Revenue

Oregon State Bar

Oregon Society of Certified Public Accountants

Lewis & Clark Law School Low Income Tax Clinic

Oregon Law Center

Oregon Tax Court

Nina E. Olson, former National Taxpayer Advocate

Taxpayer Advocates staff from Washington DC, Washington, California, Montana, New Mexico and Vermont

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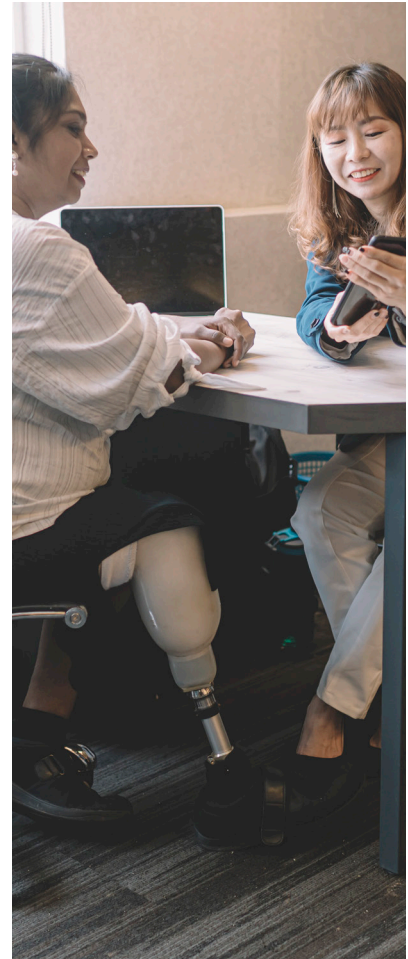
HB 3373 creates the office of the Taxpayer Advocate housed within the agency and codifies the role into statute.



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In 1997, the National Commission on Restructuring the Internal Revenue Service called the Taxpayer Advocate the “voice of the taxpayer.”



Working with community partners is necessary to discover ways to serve the low- and middle-income taxpayers and vulnerable populations.

HB 3373 requires providing both individual taxpayer assistance and identification of systemic issues



The office of the Taxpayer Advocate will provide great benefits to Oregonians.

PREFACE

What is taxpayer advocacy?

In a system dependent on voluntary tax compliance, it is crucial to find ways to reduce barriers for taxpayers. One solution to help eliminate taxpayer barriers and increase system equity is to create a taxpayer advocate office. Advocacy can take on various forms and functions. Overall, advocacy serves as both a voice and a resource for taxpayers.

The Oregon Department of Revenue undertook this study to develop a proposal for a taxpayer advocate program at DOR. This included viewing the work of the agency through the lens of the taxpayer, exploring how a taxpayer advocacy office could proactively connect with taxpayers, build relationships with community-based organizations, improve voluntary compliance from taxpayers, and embed the Governor's Equity Framework into the department's work.

During this study the legislature passed House Bill 3373 creating the Taxpayer Advocate program at DOR.

This research will help DOR better understand its customer needs, reduce language barriers, and ensure communications are effectively designed and delivered to taxpayers while building the Taxpayer Advocate program.



EXECUTIVE SUMMARY

Background

Prior to the passage of House Bill 3373 in 2021, Oregon was one of a handful of states without a taxpayer advocate office. Nationwide, these offices provide access to taxpayers to resolve issues that cannot be resolved through normal agency channels. Taxpayer advocacy in each state is different, but the underlying goal is to focus and elevate the taxpayer's voice and provide taxpayer resources within the agency.

Problem

Many taxpayers face barriers that interfere with their ability to voluntarily comply with the tax system and receive other programs and benefits they may be eligible for based on tax filing status. Barriers may include lack of trust in the system, fear of taxes, complex tax situations, language barriers, inability to access tax help sites, and individual hardships.

Some programs that require tax filing include the Earned Income Tax Credit, student financial aid, homeownership, and other programs. Also, banks and employers may require proof of taxes filed to get a job or loan.

Additionally, there are some circumstances in which a taxpayer

has tried but been unable to resolve barriers and tax problems with the agency or believes the agency systems or procedures are not working as they should. These situations may result in financial difficulties and additional barriers to the taxpayer. Currently, these taxpayer cases are addressed on an ad-hoc-basis. There is no single point-of-contact in the agency to assist, identify, track, and report systemic agency or policy issues that may be addressed through administrative or legislative action.

To improve voluntary compliance with tax filing and embed a lens of equity and access to agency information and resources, the agency must expand opportunities to proactively connect with taxpayers, break down barriers, and build relationships with community-based organizations. The office of the Taxpayer Advocate will serve as a liaison toward achieving these objectives.



Solution

House Bill 3373 creates the office of the Taxpayer Advocate, housed within the agency. The Taxpayer Advocate, selected by the agency director, will:

- Assist taxpayers in obtaining understandable information and documents about DOR policies and procedures, including information on audits, collections and appeals.
- Answer questions about preparing and filing returns with the department.
- Provide a semi-annual report to the legislature on the status and operation of the office
- Identify issues or barriers of equitable and fair tax collection.
- Issue orders to halt agency actions in certain circumstances.

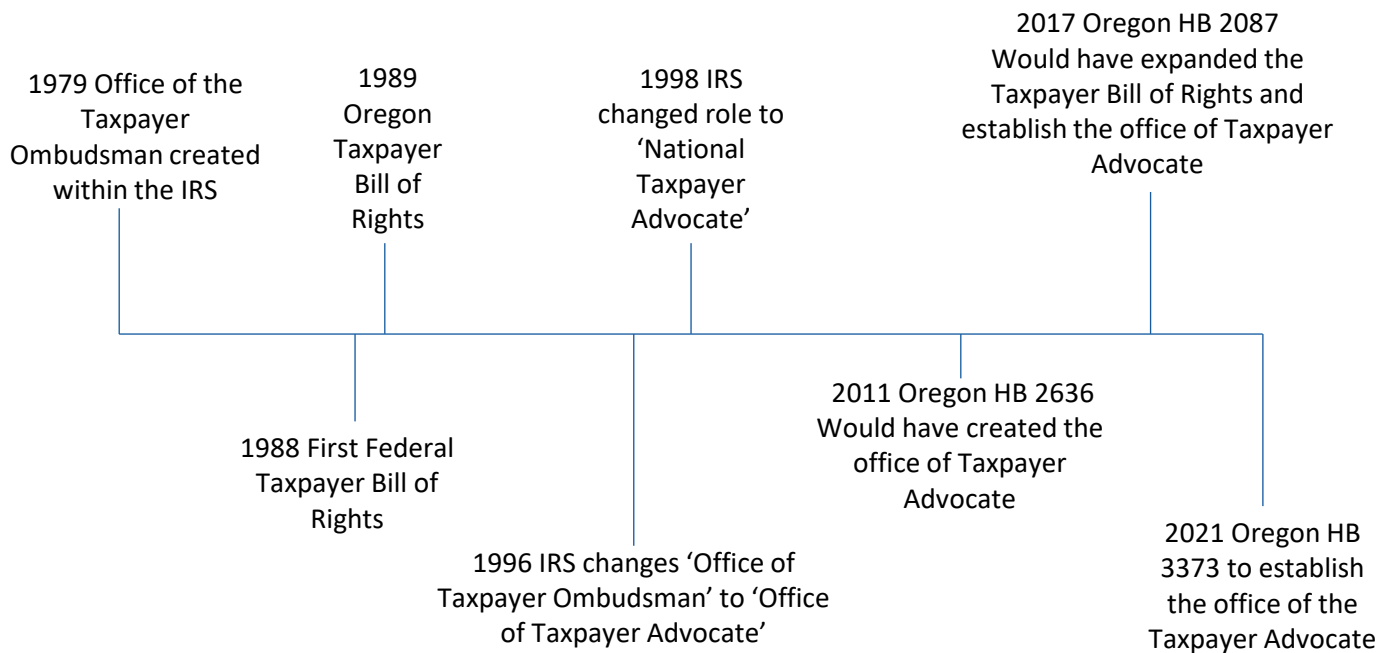
The office may also:

- Collaborate with internal personnel to resolve complex and sensitive taxpayer problems.
- Provide expeditious service for taxpayer issues not resolved through ordinary channels.

- Receive and evaluate complaints of improper, abusive or inefficient service by employees.
- Review current and potential policies and procedures.
- Attend planning meetings and recommend solutions on potential processes and procedures.
- Advise the director of improper action in administering laws.
- Perform other functions that relate to taxpayer assistance as prescribed by the director including:
 - Promoting taxpayer rights and advocacy.
 - Increasing outreach and educational opportunities.
 - Identifying meaningful ways of working with community partners.

HB 3373 incorporates many of the best practices identified in this report, including the importance of creating ways in which the office will reassure the public of its independence, examining both individual and systemic taxpayer issues, establishing performance metrics and dedicating sufficient resources to the office.

A BRIEF HISTORY OF TAXPAYER ADVOCACY



Overview

In 1979, the Office of the Taxpayer Ombudsman was created by the Internal Revenue Service (IRS) to serve as the primary advocate in the IRS for taxpayers.³ In 1988, the Taxpayer Bill of Rights IRC SECTION § 7802 codified the Office of the Taxpayer Ombudsman at the federal level.⁴ Oregon created its own Taxpayer Bill of Rights (Appendix A) in 1985 but did not create a taxpayer advocate office.

In 1996, the federal Office of the Taxpayer Ombudsman became the Office of the Taxpayer Advocate. Before this amendment, the Joint Committee on Taxation raised concerns that the role of the Taxpayer Ombudsman was not elevated enough to represent the interests of taxpayers fully. The Taxpayer Advocate duties included independent reporting functions to Congress and the ability to identify and provide solutions to administrative practices of the IRS

and legislation that harms or has the potential to harm taxpayers. In 1998, Congress renamed the Taxpayer Advocate as the National Taxpayer Advocate.³

Oregon has seen three efforts to create a taxpayer advocate office in 2011 (HB 2636)¹, 2017 (HB 2087)², and 2021 (HB 3373)⁶. As proposed in these bills, duties of the office included assisting taxpayers and their representatives to understand tax policies of the State of Oregon, answer questions, and locate documents. Proposals would have required the office to identify policies and practices of the agency that might be barriers to the equitable treatment of taxpayers and recommend alternatives to the director.

The bills were not approved in 2011 and 2017, but House Bill 3373 was approved in 2021, creating the office of the Taxpayer Advocate.

National Advocate

Independence

IRC SECTION § 7803 outlines the role and functions of the National Taxpayer Advocate and the National Taxpayer Advocate Service, which is an independent organization within the IRS. The National Taxpayer Advocate must report directly to the IRS commissioner and independently report to Congress twice a year.

Since 1997, the Taxpayer Advocate Service functions by law have been:

- To assist taxpayers to resolve tax problems with the IRS.
- Identify areas where taxpayers have issues dealing with the IRS.
- Propose changes in the administrative practices of the IRS to mitigate problems.
- Identify potential legislative changes to reduce such problems.
- Provide independent reports to Congress.⁷

The Taxpayer Advocate Service provides free service to all eligible taxpayers with no income limits for eligibility.

The Taxpayer Advocate Service protects taxpayers' rights by striving to ensure they are treated fairly and understand their rights under the Taxpayer Bill of Rights. They help taxpayers where a system failed to operate as intended, or efforts failed to resolve the problem within the IRS. Their slogan is "your voice at the IRS."

The National Taxpayer Advocate must provide two annual reports to Congress. An objectives report is given in June to detail the goals and activities of the taxpayer advocate for the coming year. An annual report is given at the end of December to list the ten most serious problems experienced by taxpayers, recommendations for solving those problems, and other IRS efforts to improve customer service and reduce taxpayer burden.

Scope of Authority

The process for individual case review often begins when a taxpayer or someone representing a taxpayer contacts the IRS National Taxpayer Advocate toll-free

line. If the IRS staff cannot assist, they transfer the taxpayer to a Taxpayer Advocate Service unit which further examines the issue by assigning an advocate and creating a case file. The appointed advocate will communicate the estimated completion date and next contact date with the taxpayer within a week or less. The Taxpayer Advocate Service guarantees a clear, complete, and correct explanation of the resolution and what actions occurred at the end of the case review.¹⁴

The National Taxpayer Advocate also has the authority to issue a Taxpayer Assistance Order when a taxpayer is suffering, or about to suffer, a significant hardship due to how the IRS is administering the law. An order can also be issued if the IRS fails or chooses not to follow the recommendation of the taxpayer advocate. It can release levied property and cease collections-related activity and bankruptcy. Only the IRS commissioner, or deputy commissioner, and the National Taxpayer Advocate can revoke or modify a Taxpayer Assistance Order (26 USC SECTION § 7811(b)).³

Taxpayer advocates play an important role and are essential for protecting taxpayer rights and promoting confidence in the integrity and accountability of the IRS.

Staffing Resources

The National Taxpayer Advocate has an office in Washington, D.C., and local taxpayer advocates in each state, the District of Columbia, and Puerto Rico to help taxpayers with IRS issues. The local offices have lead-case advocates, advocates, and support staff. Staff levels depend on the level of taxpayers in each state. Oregon's office currently has 13 staff that address individual taxpayer issues, participate in outreach opportunities, and communicate potential systemic problems as they arise to the national office in Washington D.C.¹³

When it appears that more than one individual may be experiencing the same taxpayer issue, assistance comes from the Taxpayer Advocate Service Office of Systemic Advocacy. They monitor

the Systemic Advocacy Management System for submitted concerns and they provide an impartial review and recommendation of such matters. This office also assists with producing and coordinating

Taxpayer Advocates play an important role and are essential for the protection of taxpayer rights and to promote confidence in the integrity and accountability of the IRS.

the National Taxpayer Advocate's Annual Report to Congress.

Communication and Outreach

Every year, the Taxpayer Advocate Service helps thousands of people with tax problems and tax education. Taxpayers that visit the IRS webpage, irs.gov/taxpayer-advocate, are provided options to view the website in numerous languages and navigate to the Taxpayer Advocate Service's website, taxpayeradvocate.irs.gov, which provides a user-friendly experience that shares documents, phone numbers, emails, policies, and resources. Individuals that need alternative language services can locate phone numbers on the website to receive further assistance. Taxpayers can also find helpful tax filing information and learn more about their rights on the Taxpayer Advocate Service's social media accounts, including Facebook, Twitter, LinkedIn, and YouTube. They can also visit the National Taxpayer Advocate Blog.

Local Taxpayer Advocates hold virtual and in-person events and learning sessions nationwide to share tax-filing tips and educate taxpayers and tax professionals on avoiding potential processing and refund delays. Taxpayers can also access helpful tips by visiting the website.

Adopted in 2014, The Taxpayer Bill of Rights applies to all taxpayers and their dealings with the IRS. These fundamental rights are rights in the tax code that are made clear, understandable, and accessible under ten categories. The Taxpayer Advocate Service promotes these rights through an interactive publication and video on their website. All IRS employees are responsible for knowing, observing and protecting these rights.

The Taxpayer Advocacy Panel is a Federal Advisory Committee to the IRS that identifies taxpayer issues through the lens of the taxpayer. Seventy-five citizen volunteers represent each state, the District of Columbia, and Puerto Rico, with one member living abroad who represents international perspectives. The panel provides insights on IRS programs, products and services, and recommendations as a group to the IRS and the National Taxpayer Advocate.

Community Partnerships

The IRS partners with community-based organizations to provide tax help to low-income taxpayers. Low-Income Taxpayer Clinics are independent of the IRS and the Taxpayer Advocate Service. Low-Income Taxpayer Clinics are located throughout the country to represent low-income taxpayers in IRS disputes and educate individuals who speak English as a second language

about their rights and responsibilities as U.S. taxpayers. The clinics provide service with no fee or a small fee and can apply for a matching grant of up to the \$100,000 the Taxpayer Advocate Service administers. Low-Income Taxpayer Clinics represent individuals whose income is below a certain level and need to resolve tax problems with the IRS. Low-Income Taxpayer Clinics can represent taxpayers in audits, appeals, and tax collection disputes before the IRS and courts. Low-Income Taxpayer Clinics can also help taxpayers respond to IRS notices and correct account problems.

Local Taxpayer Advocates also visit family service centers, veteran's help offices, food pantries, and bus stops, and work with local cultural centers and translators to share tax tips with non-English speaking taxpayers. They will often coordinate with these groups when conducting educational campaigns.

Performance Metrics

The Taxpayer Advocate Service has captured and reported internally to the IRS and Congress on the performance of its office and the agency in assisting taxpayers. While the exact metrics vary, and change with time, there are some established practices the office adheres to. First, the office identifies metrics and benchmarks to measure where it must improve and recognize success. They work to understand what data is available that best speaks to the taxpayer experience and compare it before and after implementing customer service strategies.

The office also works to make sure the metrics best meet the reporting objectives to Congress. Efficiency in working with taxpayers on individual issues, staffing levels, number of taxpayers served, etc., are just some of the common themes the office seeks to find accurate measurements of and provide in its annual reports to Congress. Most importantly, the National Taxpayer Advocate acknowledges that it is essential to reexamine the metrics and work with the appropriate audiences that use the information to adjust the metrics as necessary and ensure the metrics remain helpful, accessible, and further the taxpayer experience.¹⁵

Taxpayer Advocacy Programs in Other States

Since 1985, and before Oregon’s passage of House Bill 3373 in 2021, the United States has seen 33 states and the District of Columbia create taxpayer advocacy. Exhibit 1 lists those states with taxpayer advocacy. State level advocacy offices typically assist taxpayers who have been unable to resolve their issue(s) within the regular channels of problem resolution, much like the work of the National Taxpayer Advocate Service. While there is no one-size-fits-all model, the following are common characteristics of taxpayer advocacy.

Independence

The role of taxpayer advocacy can come in many forms. Titles range from Problem Resolution Office to Taxpayer Ombudsman, but Taxpayer Advocate is the most common title. These roles are often codified into statutes to permanently protect the position, guarantee its authority, and add an extra layer of protection for the taxpayer advocate should they wish to raise concerns outside the taxing agency.

Even when the role is not codified, efforts exist to ensure it can act independently, which includes housing the position within the taxing agency. Taxing agency employees must meet a high standard in safeguarding the confidentiality of taxpayer information and their right to privacy. The standards an employee must adhere to when working with taxpayer information are defined in the taxing agency’s policy. By having a taxpayer advocate housed within the taxing agency, the advocate can often work with discretion to further encourage the use of the taxpayer advocate by increasing the appearance of neutrality and independence and allow the advocate to obtain the

necessary information quickly.¹⁷ Taxpayer advocate roles outside of the taxing agency often are not able to access confidential taxpayer information, be a part of the agency conversations or act with the speed that is needed to assist taxpayers in urgent matters.

Scope of Authority

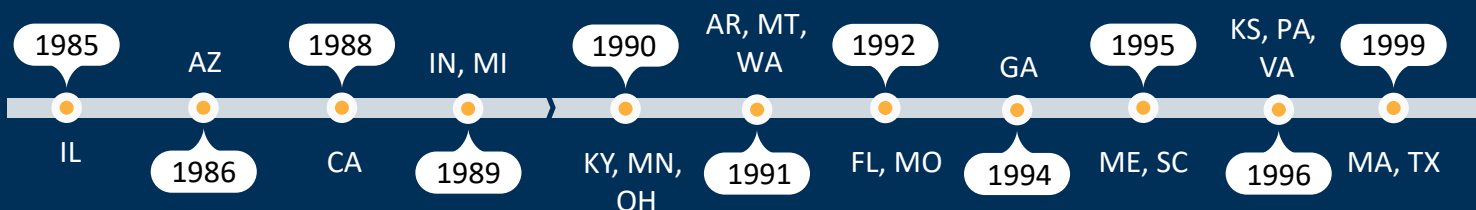
The main authority of taxpayer advocates is individual case evaluation and review. Individual case evaluation can also identify opportunities for systemic advocacy, which many states also practice. Taxpayer advocates within an agency can engage in formal and informal settings to consider existing and potential practices and policies that could be harmful to taxpayers. Taxpayer advocates are often allowed some authority to report to a legislative body on these matters and recommend change or correct the matter internally.

Some states with taxpayer advocates have adopted statutes that give the advocate authority to implement action. Taxpayer assistance orders (similar to the National Taxpayer Advocate’s Taxpayer Assistance Orders) allow intervention by the taxpayer advocate when they identify an action by the taxing agency that has, or could result in, significant hardship. For example, the taxpayer advocate in Pennsylvania may issue taxpayer assistance orders when “the manner in which the state tax laws are being administered is creating, or will create, an unjust and inequitable result for the taxpayer.” 72 P.S. § 3310-208(a).¹⁷

Staffing Resources

The resource levels and structure of the offices also vary greatly and are primarily based upon the need for individual taxpayer advocacy in the state. Some

Exhibit 1: Year of State Taxpayer Advocacy Creation
For CT, HI, NC, DE, their date of creation is unknown.



states, like California, have multiple full-time case advocates and taxpayer advocates, while others have only a part-time staff assigned as a taxpayer advocate. However, this is rare because most states have at least one full-time staff member.

Communication and Outreach

Having a taxpayer bill of rights is common in states with taxpayer advocate roles. Like the IRS, these bills of rights are designed to clarify existing rights and responsibilities of both the taxpayer and the taxing agency. Most are adopted in statute or as a policy statement and are displayed on state websites with the intent of them being easy to access and understand. Some states further promote these rights through social media channels and educational resources.

Taxpayer outreach and education also occur in other forms for many states. Standard practices are to produce articles, newsletters, or blogs that inform taxpayers of what the taxpayer advocate does, how to contact them, and how to attend workshops and educational sessions the office provides. The common goal is to promote the taxpayer advocate so that taxpayers are aware of its existence and services.

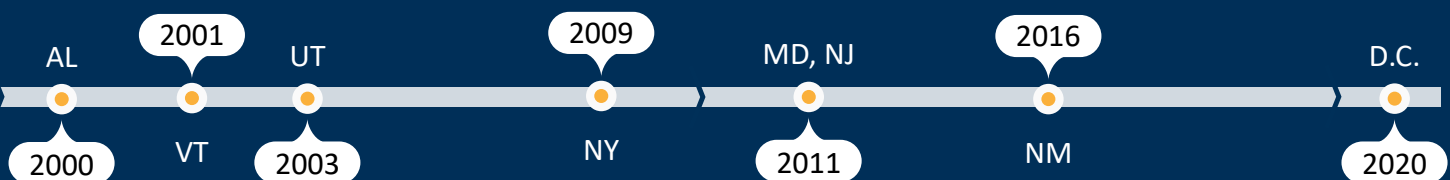
It is difficult to assess and evaluate the full scope of alternative language services taxpayer advocates offer; some states have many options and services for various languages while others have very few options. However, it is apparent that some states, regardless of the number of services they can provide, make a conscious effort to promote the taxpayer's ability to receive services, forms, assistance, and information in alternative languages. These efforts usually include straightforward and easy-to-locate instructions on webpages and a multitude of alternative language forms provided online.

Community Partnerships

State efforts around engaging community partners have been evolving in recent years. Traditionally, taxpayer advocates have worked with tax practitioners and groups who work most frequently with the taxing agency to learn about taxpayer needs and spread awareness of the taxpayer advocate mission. While these partnerships still prove valuable, states are expanding efforts to work with community-based organizations to achieve these objectives. Some actions states have taken to work with community partners include hosting events that taxpayers can attend, and having advocates appear on local TV and radio stations to answer questions and get comments on tax-related matters.

Performance Metrics

All states capture some form of caseload data to provide information on the taxpayer advocate's amount and types of services. The data is used, at minimum, for internal awareness and can often drive budgetary requests and track employee performance. Almost every state has a way to capture customer satisfaction with either the taxpayer advocate service or the taxing agency as a whole. Many states must report to a legislative body on both systemic issues (complete with recommendations for improvement) and individual case statistics.



OPPORTUNITIES FOR OREGON

The Oregon Department of Revenue is responsible for collecting taxes that make up more than 95 percent of the state's General Fund. The agency administers 37 tax programs that collect those funds, including Personal Income Tax, Corporate Income Tax, Estate Transfer Tax, Cigarette Tax, and other tobacco product taxes. Administration functions include processing returns and payments, assisting and educating taxpayers, auditing, enforcing state tax laws, collections, and policy development. In-person assistance is available in regional offices located in Bend, Eugene, Gresham, Medford, Portland, and Salem.

The agency relies upon voluntary compliance by taxpayers to make the system work. That compliance depends on taxpayers understanding their obligations and quickly fulfilling them. Current customer service efforts seek to encourage voluntary compliance and recognizes that communicating detailed tax information is essential. Customers can share concerns and complaints to the agency through surveys or direct emails, or they can directly call or email agency staff and management. Sometimes, customers share feedback with public officials, the governor, or the Secretary of State Small Business Advocate Office.

Individual Taxpayer Assistance

Taxpayers can receive direct assistance through a phone call, email, and the secure messaging system Revenue Online. The agency has multiple call centers,

each with a specific focus to assist specific customer groups. They can also field calls and direct those who need translation services to a translation agent. Emails are directed to tax-program specific email addresses. Taxpayers who use Revenue Online, can connect with staff to share documents or have their questions answered. Individual program areas respond to the concerns or complaints they receive directly. If the governor, public official, or the Secretary of State Small Business Advocate Office receives a complaint or concern, they share the concern with the agency, and the appropriate program area assists with a response. The agency director also fields complaints and concerns that are shared with programs for responses. An appeals process exists for taxpayers to challenge decisions made by the agency. Should a customer still feel their matter is unresolved, they currently have no other agency channel to pursue review or feedback.

Communication and Outreach

The agency offers numerous information, advisory, and guidance documentation through the mail, email, website, and Revenue Online. The agency also maintains social media accounts and works with the media in providing interviews, press releases, public service announcements, and awareness campaigns. Training and educational assistance is primarily focused on understanding tax law. Personal income and corporate tax program staff attend events and tailor the



content they deliver to varied audiences. Withholding program staff provide education and assistance to new and existing employers. Direct service is provided by enforcement staff when customers contact them for help with collections or audits.

The complex nature of the tax system makes language accuracy and understandability more critical. The agency provides some forms and recordings in Spanish, along with translation services by phone, mail, Revenue Online, and email. Of the approximately 300 customer forms the agency produces, 18 are available in Spanish. Tax programs designate which forms will be translated, and contracts with a vendor to provide the translation. Bilingual staff review the vendor-provided translation before proceeding with publication. The host of the agency's Oregon.gov website uses Google Translate to perform translation on all web content and PDF documents included on the DOR website in 36 languages. Google Translate is an automated service that relies on data and technology to provide its translations and cannot guarantee the accuracy or reliability of the service.

Infrastructure to engage and work closely with community partners has been limited. Staff has participated as needed and upon request with these groups, but more can be done. Proactive measures,

including inviting community partners to share their knowledge and experience with the department and participating in decision making, will grow collaborative and meaningful partnerships. It will build trust and goodwill, which is essential to the agency in genuinely listening to the taxpayer's voice.

Low- to Middle-Income Taxpayer Programs

Earned Income Tax Credit

The federal Earned Income Tax Credit (EITC) helps low- to moderate-income workers, and families pay their taxes or receive an extra refund. According to unofficial estimates from the IRS, Oregon's federal EITC participation rate has been among the lowest in the country for several years, with approximately one in four eligible taxpayers leaving the credit unclaimed.⁹

From late 2019 to May 2020, a working group of representatives from state agencies, nonprofits, and community partners, examined Oregon's low take-up rate of the EITC. The result was a Summary of Recommendations and Findings presented to the Governor's Office, state

agencies, and state legislators.¹² One working group subcommittee found that “the Department of Revenue should act to formalize functions that support Oregonians with low incomes. While the DOR has done work over the years on increasing [Earned Income Tax Credit] take-up and has an internal system to address taxpayer issues and concerns, we recommend that they look at the possibility of a Taxpayer Advocate position with DOR.” Additionally, the group recommended, “Supporting culturally specific/competent organizations to provide tax filer support in languages other than English by trusted partners, and at trusted community hubs through a grant/contract program to support staffing on the ground and reach [Earned Income Tax Credit] eligible taxpayers where they are most likely to be.”¹²

Community partners believe deeply in helping underserved and eligible populations succeed in getting this credit by filing tax returns. There is broad recognition of the importance of how critical this program is to improve the lives of Oregonians, and that awareness and access to EITC is essential.

Volunteer Income Tax Assistance and Tax Counseling for the Elderly

Volunteer Income Tax Assistance (VITA) is free tax assistance for people who make \$55,000 or less, persons with disabilities, the elderly, and limited English-speaking taxpayers who need help preparing

their tax returns. IRS-certified volunteers provide free essential income tax return preparation with electronic filing to qualified individuals.

Tax Counselling for the Elderly (TCE) is a nonprofit branch of the American Association of Retired Persons (AARP) that serves low- to moderate- income households, emphasizing seniors who are often subject to predatory practices. TCE branches in Oregon have no income restrictions. Volunteers with AARP/TCE branches must pass the advanced IRS volunteer exam to help with more complicated returns.

VITA and AARP/TCE are often in community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations. They receive federal funds administered through the IRS Stakeholder, Partnerships, Education, and Communication division. In 2019 (pre-COVID 19), the free tax prep support system in Oregon served 45,000 taxpayers, which is estimated to be a small percentage of Oregonians eligible for this assistance.⁸

Oregon Low-Income Tax Clinics

Oregon has two federally supported Low-Income Tax Clinic sites Lewis and Clark Law School and Legal Aid Services of Oregon. They provide support to taxpayers with audits, and debt mitigation and disputes with the IRS. Current funding mechanisms limit the clinics ability to assist taxpayers with DOR-specific tax matters.



The map above shows a few of the tax assistance sites available in Oregon. A full list of statewide tax assistance sites can be found in Appendix B of this report.

BEST PRACTICES AND HB 3373



Information gathered through publications, expert interviews and community-based organizations, led to the following six best practices- independence, scope of authority, staffing resources, communication and outreach, community partnerships, and performance metrics.

Independence

The level of independence of a taxpayer advocate improves their ability to be effective. In defining the level of independence, consider how the taxpayer advocate can accomplish three essential duties. First, taxpayer advocates must handle taxpayer matters confidentially. Second, they shall resolve concerns quickly. Third, they must have an adequate level of access to agency conversations and taxpayer data. The taxpayer advocate must accomplish their objectives while also reassuring taxpayers they can affect meaningful outcomes.

The taxpayer advocate must be able to receive agency cooperation, and when identifying problems, they must also be able to inform agency leaders, including the final decision-making authority. Doing so reassures the public that the appropriate levels will address their

issues and not compromise their information. Providing the taxpayer advocate with statutory authority and housing them in the taxing agency is the most common practice to ensuring taxpayer advocates remain independent. Statutory authority protects the work of the position and establishes its authority.

Requiring periodic reports to the legislature creates an opportunity to prompt agency changes, increase transparency, and demonstrate independence from the agency. Advocates from other states who report to legislative bodies identify it as one of the most valuable practices to reaffirm the taxpayer advocate's independence.¹⁷ The National Taxpayer Advocate and some states independently file their reports without

The taxpayer advocate must accomplish their objectives while also reassuring taxpayers they can affect meaningful outcomes.

a review from the taxing authority. Reports often cover both systemic issues with recommendations for improvement and individual case statistics.

House Bill 3373 meets the best practices for independence. The bill establishes that the office of the Taxpayer Advocate:

- Is housed within the Department of Revenue.
- Is subject to all confidentiality and disclosure provisions applicable to the department.
- Provide expeditious service for taxpayers whose problems were not resolved through ordinary channels.
- Participate and represent taxpayers' interests and concerns in planning meetings, reviewing instructions, and formulating department policies and procedures.

Scope of Authority

There are three issues to consider when establishing the authority of a taxpayer advocate. First, develop criteria establishing when the taxpayer advocate can intervene in an individual taxpayer's case. Second, grant authority to assist individual taxpayers by issuing taxpayer assistance orders. Third, authorize the taxpayer advocate to identify systemic issues and offer recommendations to address them.

It is essential to establish criteria for when the taxpayer advocate can intervene in the taxpayer's case. Routine agency functions exist to help answer taxpayer questions, set up payment plans, and take enforcement action. It is important to understand when the taxpayer advocate is in an appropriate place to seek resolution in an individual case. This is important for the taxpayer, the taxpayer advocate, and agency staff.

The authority to issue a taxpayer assistance order for taxpayers in jeopardy, adds reassurance that the taxpayer advocate can be effective and independent from previous agency decisions and force correction if necessary. This authority has proven helpful in other states by compelling action to correct decisions identified by the advocate.¹⁶

It is also best practice to grant authority to the taxpayer advocate to identify systemic issues within the tax agency. Many agencies, Oregon included, do not have a single access point for issues and complaints. Empowering the taxpayer advocate to identify and report on systemic issues maximizes the benefit of a central office. Recognizing a problem affecting more than one taxpayer and bringing attention to it

may resolve the issue in real-time and shape future decisions to improve voluntary taxpayer compliance.

House Bill 3373 meets best practices for scope of authority. The bill includes authority to:

- Provide expeditious service to taxpayers whose problems are not resolved through ordinary channels and receive and evaluate complaints of improper, abusive, or inefficient service by agency employees.
- Issue taxpayer assistance orders to compel the agency to act in an individual taxpayer's case.
- Identify systemic issues and make recommendations to address them.

Staffing Resources

Adequate resourcing is needed to meet the office's required statutory objectives and strengthen the ability to provide fair and equitable solutions for taxpayers and improve voluntary compliance.

States with similar tax systems and structures have at least one full-time taxpayer advocate and additional support staff. Best practice is to ensure that a position is available to take customer calls and emails and assess the next action level. An additional job should be available to thoroughly evaluate inquires and concerns. The office staff should work to achieve educational and reporting components and identify systemic issues.

Oregon, like many other states, will provide individual taxpayer assistance, evaluate for systemic inequities, and execute communication and outreach efforts. The office will also track metrics and produce reports.

House Bill 3373 meets the best practice for staffing resources. An accompanying budget request was approved to provide the following positions:

- One operations and policy analyst 4, with supervisory assignment to act as the Taxpayer Advocate.
- One research analyst 4.
- One public service representative 4.



Communication and Outreach

There are two main objectives of a taxpayer advocate office to consider when defining communication and outreach efforts. First, taxpayers must be aware of the existence and purpose of the office. Second, the office is a taxpayer resource and must aim to provide accessible and understandable taxpayer information, including taxpayer rights.

A taxpayer advocate office must have a platform and a presence to communicate its mission and services.

Well-developed websites, complete with direct contact information, social media campaigns, attendance at community events, conducting workshops, training, and town halls are best practices the taxpayer advocate office can adopt to establish pathways for listening to taxpayers and sharing information. The office should also advise taxpayers of programs (like the Earned Income Tax

Credit) or resources (like volunteer tax clinics or free tax preparation sites) to increase participation in the tax system. These efforts will help demonstrate that the office is there to act on behalf of the taxpayer and encourage engagement.

The taxpayer advocate office can resolve individual taxpayer issues that are not resolved through normal channels and seek to resolve systemic issues.

Having a taxpayer bill of rights is a best practice, as it outlines the taxpayer expectations of the agency. Oregon, like many other states and the IRS, has a taxpayer bill of rights. A taxpayer bill of rights must be genuine in intent and tone to taxpayer rights.

These should be displayed in an accessible way on the agency website and incorporated into the agency's daily work to reassure taxpayers that the agency upholds and values their rights. The taxpayer advocate office should review the current Oregon taxpayer bill of rights to see that it is meeting these best practices and put forth recommendations for improvement if it is not.



To achieve the necessary criteria of accessible and understandable information for all taxpayers, the taxpayer advocate office should evaluate the need for additional agency materials in alternative language formats and review current materials for needed improvements in achieving taxpayer accessibility.

House Bill 3373 provides a foundation for meeting the best practice for communication and outreach. The bill includes the authority to:

- Assist taxpayers and their representatives in ensuring they understand and use the policies, processes, and procedures to resolve tax or debt collection problems.
- Assist taxpayers by distributing understandable tax information and policy and procedure information, including information on audits, collections, and appeals.

Community Partnerships

Engaging and working closely with community partners is best practice in building equitable and inclusive relationships with taxpayers. Learning from their knowledge and experience with underserved and

underrepresented communities, the advocate can encourage participation in decision making, strengthen understanding of their needs, and grow collaborative and meaningful partnerships to build trust and goodwill. The office should create opportunities for community-based organizations to collaborate with the agency (workshops, open houses, listening sessions, etc.) and provide feedback on policies and practices.

Like the IRS, Oregon could increase tax filing by funding tax help programs through community-based organizations.

House Bill 3373 provides a foundation for meeting the best practice of community partnerships. The bill includes the authority to:

- Identify policies and practices of the agency that might be barriers to equitable treatment of taxpayers and recommend alternatives.
- Participate and represent taxpayers' interests and concerns in planning meetings, reviewing instructions, and formulating agency policies and procedures.

Performance Metrics

There are three things that must be known when designing performance metrics for a taxpayer advocate office. First, what data and information must be captured. Second, identify how this data and information will be captured. Third, identify how this data and information will be used.

Data must be captured to understand if the office goals, missions, and objectives are met. It is best practice to establish a way to capture the rate of time it takes to resolve issues, define the types of issues, identify achievements, and recognize where improvements are needed.

Best practice is to design a system that can track data to monitor its performance while maintaining taxpayer confidentiality. Systems can range from simple to complex but must track details and be used consistently to guarantee accurate measurements. Taxpayer advocate office staff should have access to internal systems for research purposes. However, the office should maintain its own separate system for case management to ensure that the taxpayer's inquiry and information remain confidential to the greatest extent possible.

The data and information that is collected in the system will establish a benchmark and set a target. These measures will demonstrate past performance and

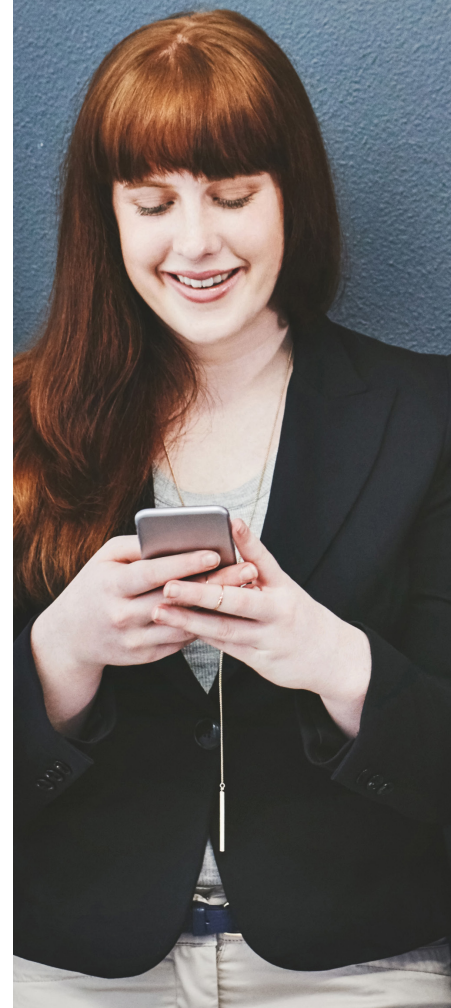
what to expect in the future. Frequent and consistent monitoring will allow the office to adjust and provide resources that meets its objectives. This information will be shared through public reports and ad-hoc requests to educate taxpayers, legislative bodies, the taxing agency, and community partners on how the office is assisting taxpayers.

House Bill 3373 meets the best practice of performance metrics. The bill requires the office of the taxpayer advocate:

- To compile yearly data and share biannually with the legislature the number and type of taxpayer complaints received by the office and the actions taken to resolve complaints.
- Survey taxpayers each year to obtain their evaluation of the quality of service provided by the department.
- Identify and recommend obstacles to taxpayer compliance in the tax system.
- Identify and recommend to policymakers on the effectiveness of the Taxpayer Advocate Program.

CONCLUSION

The passage of House Bill 3373 is the beginning of the important work to establish the office of the Taxpayer Advocate in Oregon. The program will enhance the services to taxpayers. This creates opportunity for DOR to proactively connect with taxpayers and form collaborative partnerships with community-based organizations. All of these efforts will contribute to the ability of the taxpayer to have a voice within the agency, increase system equity and voluntary compliance.





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APPENDIX A

Oregon Taxpayer Bill of Rights

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Your appeal rights

The appeal information in this pamphlet is a general description of your rights and the appeals process. It doesn't cover all situations.

If you don't agree with a department action, you have the right to appeal.

The time limits explained are important. They can't be extended. You must appeal within the proper time, or your case may not be considered. **The postmark is used as the filing date for appeals.**

Appealing to the Oregon Department of Revenue

You must submit a written objection or request a conference within 30 days from the date of our notice.

- If you submit a written objection, tell us why you disagree. We will send you a written response.
- If you request a conference, a conference officer will contact you. Your conference can be held by phone or in one of our offices. The conference must be held within one year from the date of our notice.

You may submit a written objection or request a conference through revenueonline.dor.oregon.gov. If you don't have internet access, you must write a letter. Be sure to include:

- Your name(s), address, Social Security number(s) or federal employer identification number (FEIN), daytime phone, and tax year(s) at issue.
- A statement explaining why you disagree with the department.
- A statement explaining whether you are filing a written objection or requesting a conference.

It also helps to attach a copy of the notice or decision you are appealing. Send your letter to:

Oregon Department of Revenue
PO Box 14725
Salem OR 97309-5018

Appealing to the Oregon Tax Court

Magistrate Division

If you disagree with the decision from the written objection or conference, or you didn't appeal within the 30-day appeal period, you may appeal to the Magistrate Division of the Oregon Tax Court. You must appeal within 90 days after the date on the notice of assessment. **Note:** Notice of penalty waiver determinations are generally not appealable to the Magistrate Division.

If you don't appeal within the 90 days, you can appeal within two years after you pay the tax, penalty, and interest. If you didn't appeal a refund adjustment within 30 days, you may appeal to the Magistrate Division within 120 days from the date of our notice.

To appeal to the Magistrate Division, you must file a form and pay a filing fee. Forms are available from the Tax Court.

For more information about Magistrate appeals, contact:

Oregon Tax Court
Magistrate Division
1163 State Street
Salem OR 97301-2563
503-986-5650
www.courts.oregon.gov/tax

Regular division

If you disagree with the Magistrate decision, you may appeal to the regular division of the Oregon Tax Court.

For more information visit:
www.courts.oregon.gov/tax

How to request a copy of your tax return

If you need a copy of your original return, you may request one through your Revenue Online account or write to:

Oregon Department of Revenue
955 Center Street NE
Salem OR 97301-2555

Be sure to include the following in your request:

- The name(s) and address shown on your return.
- Your current address.
- The tax year(s) involved.
- The Social Security number(s) and signatures of the person(s) who filed the return.
- \$5 for each return ordered.

How to get state tax forms

Oregon tax forms are available on the internet at www.oregon.gov/dor. Or, write to:

Forms
Oregon Department of Revenue
PO Box 14999
Salem OR 97309-0990

Have questions? Need help?

General tax information ... www.oregon.gov/dor
Salem..... 503-378-4988
Toll-free from an Oregon prefix 800-356-4222

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
Gratis de prefijo de Oregon 800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 503-945-8617
Toll-free from an Oregon prefix 800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers above for information in alternative formats.



Your Rights as an Oregon Taxpayer



As a taxpayer, you are entitled to fair, professional, prompt, and courteous treatment. Oregon law ensures this treatment at each step of the tax process.

Your right to confidentiality

The law requires Department of Revenue employees to keep your tax information private. We must keep your information confidential whether we got this information from your state tax returns, letters, or any meetings with you. In some cases, the law allows us to share information with government agencies, such as the Internal Revenue Service and certain state and local agencies.

Payment of your tax

You have the right to pay no more than your fair share of Oregon tax. We will work with you to apply the law consistently and fairly so you pay the correct amount of tax. You have the right to appeal when you disagree with:

- An additional amount we say you owe;
- An adjustment we make to your refund;
- How we figured your tax; or
- Our interpretation of tax law.

You will find more information about your appeal rights in this pamphlet.

Your payment responsibilities

You are responsible for paying the full amount of tax, penalty, and interest you owe. We won't take action to collect an amount you owe until you have had a chance to pay. We prefer to work with you so you can pay your tax voluntarily and on time. It's important for you to respond promptly when we try to contact you. If you don't respond, we may use collection action.

Payment arrangements

It's best to pay your taxes when you file your return or when you receive a bill from us. If you can't pay in full, we may be able to make other arrangements. Where a proven financial hardship exists, we may accept installment payments. If such a hardship exists, we may require you to provide information about your financial condition. If your information shows that you can pay in full, we will require you to do so. Note that financial hardship and financial inconvenience are not the same. In some cases, we may ask you to obtain a commercial loan if we determine that you can qualify.

Collection actions

If you don't pay your taxes or have approved payment arrangements, we will collect the money you owe. We may garnish your wages or bank account, file a tax lien against your property, or seize your property. A future tax refund may be applied to your debt even while you're making payments on an approved payment arrangement.

Tax liens

A tax lien is a public notice of debt. It attaches to your property and your rights to property. Once a tax lien is filed, it becomes a matter of public record and may harm your credit rating.

Garnishments and seizures

A garnishment is the taking of your property held by others to satisfy your debt. A seizure is the taking of property directly from you.

We may garnish your property in the control of others (such as employers and banks) or seize property in your possession (such as automobiles and boats). We may garnish contractual payments others owe to you.

Certain income, such as Social Security or disability payments, are protected from gar-

nishment. Contact us if you think you have protected income and need to make arrangements to pay your debt. We won't take on the responsibility of collecting your accounts receivable. If we garnish your wages or other property, you have a right to challenge the garnishment.

We may seize and sell most types of real or personal property you may own or have an interest in to satisfy your debt. If we seize your property, you have the right to a contested case hearing. At the hearing you can present your case to show why we shouldn't sell your property to satisfy your tax debt. You may redeem your property at any time before it's sold by paying the tax, penalties, interest, and any expenses we incurred in seizing and storing the property.

Penalties and interest

You have the right to ask us to waive certain penalties if you can show reasonable cause for the failure to comply that led to the penalty. However, it's our general policy not to waive interest, because interest represents a charge for your use of the money. Interest is figured from the due date of your return.

Refunds of overpaid tax

You may file a refund claim up to (a) three years from the due date of your original return or the date you filed your tax return or (b) two years from the date you paid your tax or a portion of your tax, whichever is later.

If you amend your return after the three-year period, your refund can't exceed the tax you paid during the two years before the date you filed your amended return. We will compare your amended return with your original return, then process it. Allow three to four months to process your refund claim. Interest on your refund is paid during this time.

Your rights during an audit

We accept most tax returns as filed. But if we select your return for audit, you have the right to a fair examination and a written explanation of any changes we make to your tax return because of the audit.

During an audit, we will ask you to show proof of amounts on your return. You have the right to know why we are asking for information, how we will use that information, and what will happen if you don't provide the information.

We complete some audits entirely through the mail. We do other audits in person. We try to schedule audit appointments at your convenience. The audit may be held at your home or office, at your representative's office, or at one of our offices. When the appointment is made, the auditor will tell you which documents you should have available for review.

Throughout the audit, you can represent yourself, have someone else accompany you, or, with your written permission, have someone represent you in your absence.

You may make a sound recording of the audit, but let the auditor know in advance. If we record the meeting, you may have a copy of the recording. A fee is charged for copies of recordings.

After the audit

After the audit, we will:

- Accept the tax return as filed; or
- Issue a notice of deficiency and auditor's report that shows the additional amount you must pay and why; or
- Issue an auditor's report that shows you are entitled to a refund and why.

We will give explanations for any proposed changes to your return. Ask us about anything that is unclear to you.

APPENDIX B

Volunteer Income Tax Assistance (VITA) and American Association of Retired Persons (AARP) Tax Counseling For The Elderly (TCE) SITES 2021

Volunteer Income Tax Assistance (VITA) and

American Association of Retired Persons (AARP) Tax Counseling For The Elderly (TCE) SITES 2021

VITA and AARP/TCE Free Volunteer Tax Sites in Oregon for 2021 Tax Season		
Name	City	County
Port of Morrow	Boardman	Morrow
Oregon State University VITA	Corvallis	Benton
New Hope Community Church	Hermiston	Umatilla
Beaverton Community Center-CASH OR VITA	Beaverton	Washington
Neighbor Impact Redmond	Redmond	Deschutes
NeighborWorks Umpqua VITA	Reedsport	Douglas
NeighborWorks Umpqua VITA	Roseburg	Douglas
Goodwill Industries	Springfield	Lane
Fern Ridge Library	Veneta	Lane
Willamalane Adult Activity Center	Springfield	Lane
Springfield Education Center	Springfield	Lane
St. Vincent de Paul—Oakridge Thrift Store	Oakridge	Lane
Neighbor Impact Bend	Bend	Deschutes
Wilsonville Parks & Recreation Office	Wilsonville	Clackamas
Chetco Activity Center	Brookings	Curry
Marjorie Stewart Senior Community Center	Sherwood	Washington
McMinnville Public Library	McMinnville	Yamhill
George Fox University: Newberg Campus	Newberg	Yamhill
First Presbyterian Church	Dallas	Polk
North Plains Senior Center	North Plains	Washington
Tillamook Library	Tillamook	Tillamook
Bob Chisholm Community Center	Seaside	Clatsop

Source: MFS/CASH Oregon Website. April 30, 2021. <https://cashoregon.org/locations/>

