

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking Hearing accompanies this form.

FILED
4-15-16 11:19 AM
ARCHIVES DIVISION
SECRETARY OF STATE

Department of Revenue
Agency and Division

150
Administrative Rules Chapter Number

Cash Handling: Establishes rule for remitting cash payments to the Oregon Department of Revenue.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

ADOPT: 150-305.100-(E)

Statutory Authority:

ORS 305.100

Other Authority:

Statutes Implemented:

ORS 305.100

Need for the Rule(s):

150-305.100-(E) - Provides guidance and procedures to remit cash payments for any taxes, fees, or debts administered by the Oregon Department of Revenue (DOR). DOR district field offices will only accept cash payments up to \$500 for any purpose, no more than five (5) cash payments per month, from July 1, 2016 to December 31, 2016. Eliminates acceptance of cash payments at DOR field offices after December 31, 2016.

Documents Relied Upon, and where they are available:

Oregon Revised Statutes, available online through Legislative Counsel. (<https://www.oregonlegislature.gov/>)

FIN 201: Collection and Deposit of Money(s), Oregon State Treasury

Fiscal and Economic Impact:

There is no fiscal impact due to the implementation of this rule.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

There is no impact to state agencies and a de minimis effect on the counties. The public may experience an impact as cash payments will be restricted in DOR field offices until December 31, 2016 and completely eliminated in DOR field offices after December 31, 2016; cash payments will only be accepted at the Salem Main building after this date. This action may create a financial and/or compliance hardship for customers who don't have access to banking services to make payments with a financial instrument (i.e. personal check). Customers will be required to either bring their cash payments to the Salem Main building or secure a cashier's check or money order to pay at a DOR field office. Total cash payments received in all DOR field offices (excluding satellite offices) averaged approximately \$144,000 per month for calendar years 2010 to 2015.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:

Oregon has approximately 123,000 small businesses with fewer than 250 employees that employ 81% of the state's workforce. Oregon has approximately 106,000 small businesses with fewer than 100 employees. Based on this information and information from tax returns reporting the number of employees, the department estimates Oregon has approximately 92,000 small businesses with fewer than 50 employees who are subject to these rules.

Oregon Small Business Development Center Network (www.bizcenter.org/about/our-impact/)

Business Oregon (www.oregon4biz.com/assets/docs/DataPacket09.pdf)

Oregon Department of Revenue Research Section, 10/14/13 Wage File Extract, 2012 tax year

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

As of January 1, 2017, any person or business who pays their taxes, fees, or debts in cash must make those cash payments at the Salem Main building. This may result in additional costs to comply (e.g. cost of fuel to drive to Salem, time spent away from business, etc.) for those

people or businesses who don't have access to banking services. The typical drive from Portland to Salem and back may total \$10-\$15 in fuel costs in addition to the added security risk of transporting cash to Salem to make payments. People or businesses who reside farther away from Salem may incur additional costs.

c. Equipment, supplies, labor and increased administration required for compliance:

There are no known increases.

How were small businesses involved in the development of this rule?

We communicated and worked with small business liaison groups such as the Oregon State Bar Tax Section, Oregon Collectors Association, Oregon Board of Tax Practitioners, Oregon Society of Certified Public Accountants, Oregon Association of Tax Consultants, and marijuana industry representatives to obtain their input into how the preliminary cash handling portion of the rule may impact their clients and the small business community.

Administrative Rule Advisory Committee consulted?: No

If not, why?:

The Oregon Department of Revenue did not use a formal Advisory Committee for these rules. However, we did seek input from groups of industry representatives. No Administrative Rule Advisory Committee was consulted because the above groups were contacted, and they have the interest and expertise necessary to provide adequate feedback on these proposed rules. Therefore, a committee is unlikely to provide further benefit.

<u>05-23-2016 5:00 p.m.</u>	<u>Lois Williams</u>	<u>lois.j.williams@oregon.gov</u>
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address