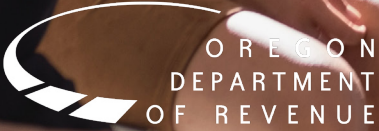


Taxpayer Advocate Office

2025 Biennial Report

Codi Trudell, Taxpayer Advocate
Oregon Department of Revenue
February 2025





How We Partner with Sovereign Nations

Native American tribes hold unique political status and are recognized as sovereign governments. This sovereignty means that tribes have the authority to govern themselves, manage their own affairs, and make decisions independent of state laws. We recognize and respect the sovereign status of Oregon's nine federally recognized tribes and their respective authorities on tribal lands.

It is our policy to promote positive government to government relations through consultation with the tribes in areas where the development, implementation, and administration of agency programs may affect tribal members, lands, activities, or interests. We believe that continuing to build on our relationships with the tribes makes our agency more effective overall while supporting our work across the state and region.

Oregon personal income tax law relating to the taxation of Native Americans is found under ORS 316.777 and OAR 150-316-0595. This statute and the associated administrative rules exempt certain income earned by Native Americans in Oregon.

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TAXPAYER ADVOCATE'S STATEMENT

In accordance with ORS 305.802, I submit the Oregon Taxpayer Advocate Office Biennial Report for calendar years 2023 and 2024. These reports are required to include descriptions of taxpayer complaints, actions taken to resolve those complaints, taxpayer evaluations of the Department of Revenue's quality of service, barriers to fair and equitable tax collection, and recommendations to policymakers for improvements to the tax system. This 2025 biennial report is the first to include two full years of data, as the 2023 biennial report only covered the office's first year of operation.

The Oregon Taxpayer Advocate Office was established by HB 3373 to assist taxpayers in obtaining information, evaluate complaints, identify barriers to equitable service, provide expeditious service to taxpayers whose issues are not resolved through normal channels, and represent taxpayers' interests in policymaking, among other purposes listed in ORS 305.800. In establishing this office, Oregon followed the example of the IRS and many other states whose official taxpayer advocates are rooted as far back as 1979. HB 3373 drew on this history and best practices by 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. This report demonstrates many of the ways in which the Taxpayer Advocate Office reflects these best practices in its operations.

The Taxpayer Advocate Office fielded 1188 inquiries in 2023 and 994 in 2024 for a total of 2182 inquiries received during the biennium. Of these, 503 were elevated to cases and allotted additional resources to investigate and resolve. Intervention outside the normal process was required in 55% of cases, sometimes yielding change recommendations to prevent similar issues in the future. This level of service aligns well with the office's current capacity to resolve issues and advocate on taxpayers' behalf. Refunds, personal tax issues, and debt/collections were identified as areas with systemic issues requiring specific change advocacy; in over half of these cases, untimely responses from the DOR were the root cause driving the original inquiry. Outreach events to small businesses alongside partnerships with economic development organizations serving American Indians (e.g., Economic Development & Community Services Tribal Cluster) and low-income working families (e.g., MFS-CASH Oregon) also inform the office's activities.

We have also tracked efforts to implement recommendations put forward in the 2023 Taxpayer Advocate Office biennial report. Major steps have been taken in some areas, like call center quality of service and refund information provided to taxpayers. Other recommendations have seen limited progress, and we have developed new recommendations based on needs observed during 2023 and 2024.

With the benefit of a full biennium of experience and information, we hope to continue improving the equity, transparency, and efficiency of tax collection in Oregon.



Respectfully submitted,

Codi Trudell, Oregon Taxpayer Advocate

DESCRIPTION OF THE OFFICE

The Taxpayer Advocate Office was established by the 2021 Oregon Legislature’s House Bill 3373, which went into effect on January 1, 2022. Prior to the passage of this bill, Oregon was one of only a few states without a taxpayer advocate office; there was no central resource providing taxpayers with access to the Department of Revenue (DOR) to resolve issues which could not be dealt with through the standard channels. According to HB 3373, the purpose of this office is “directly assisting taxpayers... to ensure that taxpayers and their representatives understand and utilize the policies, processes and procedures available for the resolution of problems related to tax programs... administered by the department.”

ORS 305.800-803 describes the role and responsibilities of the Taxpayer Advocate. Their main functions are to assist taxpayers in obtaining information, evaluate complaints, identify barriers to equitable service, provide expeditious service to taxpayers whose issues are not resolved through normal channels, and represent taxpayers’ interests in policymaking. In order to maintain accountability and transparency, the Taxpayer Advocate is to report to the Oregon Legislative Assembly every two years.

Taxpayers who have exhausted the normal processes but cannot get relief may contact the Taxpayer Advocate Office with their individual issues, and staff may then work with taxpayers to problem-solve, provide information, or expedite DOR service as appropriate. By tracking repeated patterns in these cases, the Taxpayer Advocate Office also identifies systemic issues in DOR processes and procedures and recommends solutions to address them. Prior to the establishment of this office, complex cases and change advocacy were addressed on an ad hoc basis with no formal tracking. The Taxpayer Advocate Office therefore serves as a centralized point of contact for identifying, assisting with, and reporting systemic issues which the DOR can address internally, reducing barriers to compliance and increasing accountability to taxpayers within the DOR.

Because of this centralized role, the Taxpayer Advocate Office also commonly serves as a resource and collaborative partner for community organizations, especially those related to economic development or tax services for vulnerable populations.

The Taxpayer Advocate has statutory authority, is appointed by the director, and housed within the Department of Revenue. This ensures the Taxpayer Advocate remains independent, protects the work of the position, and establishes its authority. From the perspective of the DOR, these efforts on behalf of taxpayers are advantageous in that they can improve voluntary compliance with tax filing and increase trust in the system.

TAXPAYER INQUIRIES AND CASES

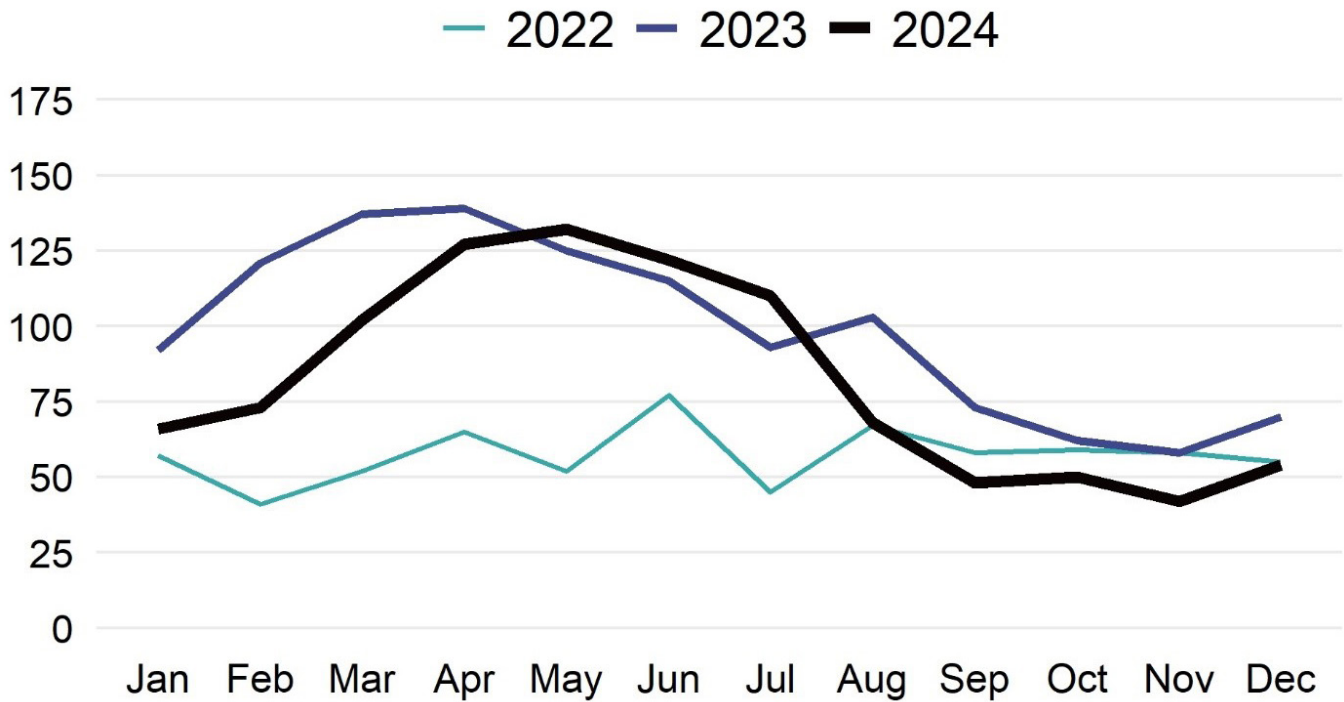
When a taxpayer contacts the Taxpayer Advocate Office for help, their inquiry is logged in a confidential database to ensure our data is tracked accurately while preserving the taxpayers' privacy and the nature of the requests. We fielded 1188 inquiries in 2023 and 994 in 2024, indicating our activity has leveled off after nearly doubling from our first year of operation in 2022. Most inquiries came through the form on the Taxpayer Advocate webpage. This web form asks for taxpayers' names, relevant account or letter numbers, and a summary of their issue; gathering this information up front helps speed our research and response. The increased use of the form this biennium has helped us maintain a high level of service.

Inquiries are classified by topic, with refunds, personal tax issues, and debt/collections being the most common – this can indicate related systemic issues to investigate (see the 2025 Recommendations section). TAO staff research each inquiry and attempt to resolve it. As in the last biennial report, around half of inquiries were resolved simply by directing the taxpayer to the appropriate DOR unit and about 20% were resolved by answering taxpayers' questions directly. The biggest change was the number of inquiries elevated to cases, which rose from 10% in 2022 to 24% in 2024. This trend was mainly driven by refund-related cases, which jumped from 22 cases up to 127 in that time.¹

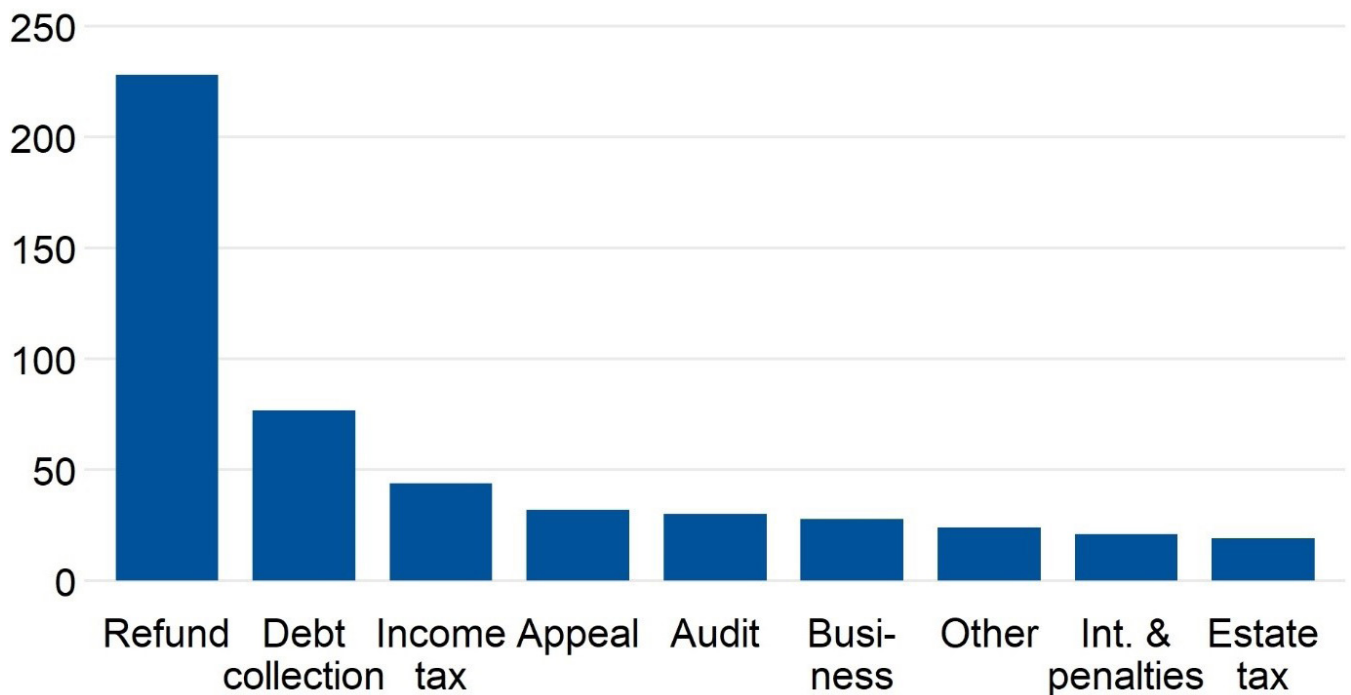
In all, 261 cases were opened in 2023 and 242 in 2024 for a total of 503 cases this biennium. Cases are allotted additional resources, often involving direct communication with unit liaisons to investigate and resolve issues. Eighty-one of these cases dealt with major financial hardship, which can help expedite a case. Cases took a median of 4 days to close, with 83% of cases closed within our 14-day goal.

¹ While this was partly due to higher case numbers overall, refund cases made up 33% of cases in 2022 and 52% of cases in 2024. See Prior Biennium Recommendations, Issues #1 and #2 for more information.

Inquiries Rose from 2022 to 2023-24



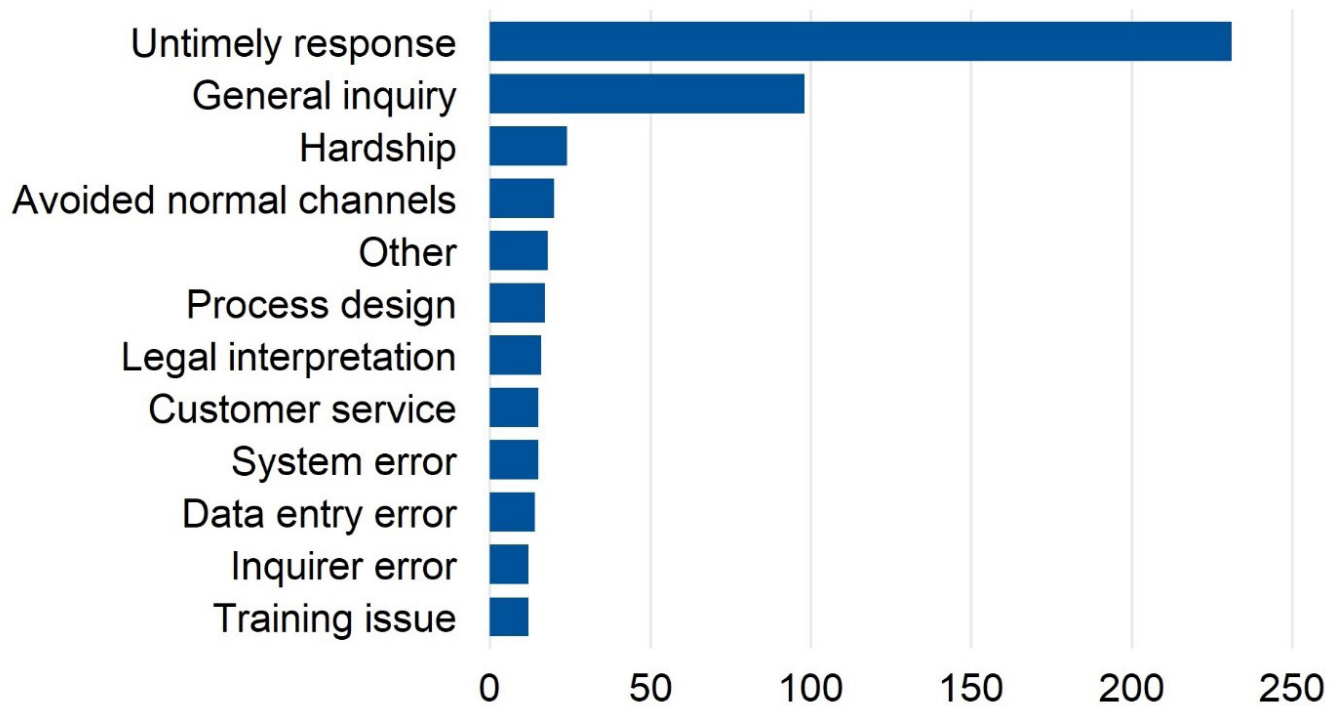
Refund-Related Cases Dominated 2023-24



The Taxpayer Advocate categorizes cases' root causes to help identify systemic issues. Untimely responses by the DOR led to nearly half of our cases, and we consider improved response time and timeline clarity to be a systemic need within the DOR. Other issues like taxpayers avoiding the normal channels, confusing process design, or poor customer service each composed less than 5% of cases' root causes. Less common issues and root causes are better addressed on a case-by-case basis.

After closing a case, the Taxpayer Advocate records whether or not the case required action outside the usual DOR processes. Such actions or process changes were implemented in 290 cases this biennium. The department continues to be cooperative in its partnership with the TAO; no Taxpayer Assistance Orders were needed to compel the agency to act in a taxpayer's case.²

Late DOR Response Led Case Causes 2023-24



² HB3373 authorized the Taxpayer Advocate to issue Taxpayer Assistance Orders to the Director of DOR only as an extraordinary remedy; see the [Office Procedure Manual](#) on the Taxpayer Advocate webpage for more information.

What our customers are saying...

“I contacted the office and within a day had an answer to my issue of late returns which was going on 14 weeks from presentation. I had been told nothing we could do about it we just had to wait... Thank you for your efforts and help.”

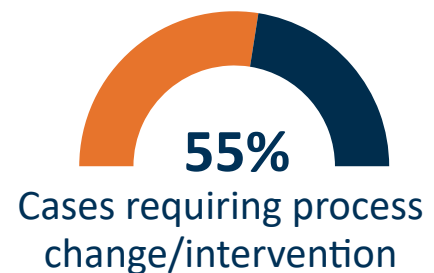
“Incredibly fast, professional, understanding and kind service - and a fast, complete answer to my question. Thank you.”



TAXPAYER ADVOCATE HIGHLIGHTS

Highlight #1: Process Changes

When the existing DOR channel or process has been insufficient to address a taxpayer's issue, the Taxpayer Advocate Office will work with the appropriate unit to find and address the deficiency. Sometimes this results in simply speeding up the process for a taxpayer whose issue was not addressed timely. In more complex cases, an actual flaw may be uncovered in a process or training and the unit managers will work to correct it. The Taxpayer Advocate Office tracks these cases where the process is changed for one or more taxpayers as a result of contact with our office, and 279 of our 503 cases in 2023-24 required this kind of intervention. While it's difficult to know if these solutions would have been implemented without the Taxpayer Advocate Office, we can be certain change did occur in over half (55%) of the cases as a result of our office's work with the DOR.



Highlight #2: Map of Free Tax Clinics

In January 2023, the Taxpayer Advocate Office began a collaboration with MFS CASH Oregon and AARP Tax-Aide to create and maintain a map of the free tax preparation clinics in Oregon with information like when clinics opened and closed, whether they could assist ITIN filers, and the languages available for service. The map was hosted on the Department of Revenue's "Get Free Tax Help" webpage, showing 81 sites across the state and garnering 97,000 views in its first year. The collaboration continued in 2024 and the map was updated ahead of the tax filing season. The updated map was viewed 80,000 more times in 2024 for a total view count around 177,000 across the first two years. This map is a key part of the Taxpayer Advocate Office's service to low-income taxpayers, taxpayers using ITINs, and taxpayers with limited English proficiency, providing an easy-to-use resource for finding filing assistance at no cost.



Highlight #3: Outreach

As a newly established office, it is important to educate the public on the Taxpayer Advocate Office’s role. Outreach and communication are therefore essential to our success. Attending or participating in meetings with external organizations is a key way that we raise awareness for how the office can assist and discuss how others may provide their own advocacy services. Moreover, direct feedback and dialogue can occur with the Taxpayer Advocate to inform the work of the office. The Taxpayer Advocate attended approximately 30 events in 2023 and 2024, including meetings of the Oregon State Bar, Federation of Tax Administrators, state and local Tax Practitioner groups, Neighborhood Partnerships, Business Diversity Institute, Legislative Commission on Indian Services, Financial Empowerment Advisory Team (FEAT), Earned Income Tax Credit (EITC) Workgroup, and Center for Taxpayer Rights.



DOR ACHIEVEMENTS

#1. Direct File Oregon

The 2024 filing season saw the debut of Direct File Oregon, a state-only e-file system that allowed full year residents to file their Oregon personal income tax returns for free. While the DOR was too late to join the IRS Direct File pilot program's first year in 2024, Oregon is joining the pilot and will continue offering this free filing option in 2025. Free e-filing software is particularly impactful for low-income taxpayers who face additional filing barriers including the cost and technical difficulty of preparing a return. Over 6,700 returns were filed using Direct File Oregon with average completion times of under an hour. Customer satisfaction was high for those who completed their return, with 82% of logged in users rating themselves Satisfied or Very Satisfied with the software.³ Customer feedback and IRS features have been incorporated into improvements for the 2025 filing season.

#2. Letters Project

The DOR's Letters Project is an effort to review and edit over 360 letter types from across the agency for clarity, consistency, and concision. The Taxpayer Advocate Office often fields inquiries from taxpayers who are confused about what a letter means for them or what actions they should take, and the Letters Project is a major cross-divisional effort by the DOR to address these issues. This project got fully underway in 2024, with all divisions starting reviews of edited letters. After a program area reviews an edited letter, it is sent through one-voice editing for consistency and a further review takes place to ensure clarity for the taxpayer. The Taxpayer Advocate Office participates in this secondary review. After the Department of Justice validates any legal content, the letter is ready for final approval by the Division Administrator and it can enter use. The first letters are expected to be updated in the GenTax system by the IT division starting in summer 2025.

³ Direct File Oregon statistics sourced from DOR data April 24, 2024.

#3. Outreach

As part of the ongoing effort to improve outreach, the DOR Communications team has centralized and streamlined the procedure for requesting translations of outreach materials into 16+ different languages. These efforts are outward facing as well: new media outreach toolkits on the DOR website cover many tax benefits and resources, allowing members of the public to print outreach materials and request additional translations for their organization. Event outreach also saw success in 2023 and 2024, with the DOR represented at more than 280 events across all 36 counties. Much of that work focused on payroll taxes and the new agriculture overtime tax credits at county fairs and business association meetings. The DOR was also represented at over 20 job fairs. In all, the DOR has made a concerted effort to engage with communities and meet taxpayers where they are.

PRIOR BIENNIUM RECOMMENDATIONS

Issue #1: Refund delays increase taxpayer inquiries and personal frustration. Furthermore, when a taxpayer calls or submits an online inquiry, they are told their return is “in process,” prompting additional inquiries due to the lack of clarity.

Original Recommendation: Evaluate the return process to provide refunds and give taxpayers more specific information and meet timelines more quickly.

2025 Update: The Customer Experience Center of Excellence worked with the Personal Income Tax program to develop three refund steps to improve clarity for taxpayers checking for refunds using Revenue Online’s “Where’s My Refund” (WMR) tool. These descriptions did not initially offer additional information for taxpayers whose returns were being manually processed, and during the 2024 tax season the Taxpayer Advocate Office received many inquiries from taxpayers still frustrated with the WMR tool. In response, the DOR’s WMR Improvement Project has upgraded the WMR app to show additional stages and details about refund status, including expected processing timelines. It will also notify taxpayers about letters requesting more information, which will help taxpayers avoid missing these letters and causing further processing delays. The upgraded WMR app launches February 18, 2025.

Issue #2: After contacting the agency through normal channels, customers often still have unanswered questions or experience delayed responses.

Original Recommendation: The agency should assign inquiries into categories where staff equipped with the skills and information to assist are readily available. Staff should be cross-trained and work across teams to gain knowledge and strengthen their ability to answer customer questions. New training opportunities should be developed to ensure the customer experience is consistent across the agency and to provide staff with resources that empower their decision-making and customer service relationships.

2025 Update: The DOR’s Customer Experience Center of Excellence is working to improve the DOR contact center and reduce wait times and call abandonment. A surge plan was created ahead of the 2024 tax season to prepare for large call volumes, and call center technology is being updated to enhance self-service options, call center analytics, and first call resolution. Online, a question chatbot is in use and an improved WMR app is prepared for 2025. Despite the surge planning, long call wait times, an increased number of refunds due to the historic kicker, and lack of refund information led to high volumes of refund inquiries to the Taxpayer Advocate Office in 2024. Untimely response also led as the root cause of Taxpayer Advocate cases in both 2023 and 2024. Contact centers have since implemented more changes to address customer service, including scripting to standardize customer experience and improving call wrap-up metrics to provide information about why customers contact the DOR. Dashboard reporting was also created to measure performance, review customer satisfaction survey results, and provide actionable insights. Planned improvements for the 2025 season include an agency directory for the call center to route calls, one stop payments for taxpayers to make payments across programs, and additional surge planning. We hope that these improvements to the contact centers will address earlier shortcomings in 2025 and foster positive relations between customers and the DOR.

Issue #3: Complicated property tax laws result in time-consuming inquiries.

Original Recommendation: Oregon property tax law, until changed, will remain complicated. Tax professionals and governing bodies should stay vigilant to seek out methods, improvements, and solutions that will aid taxpayer understanding of these laws.

2025 Update: Outreach and trainings are helping to improve understanding of the property tax system. The DOR has increased its presence at local and state fairs to answer questions, and Property Tax unit staff attend town halls and city/county meetings to explain tax programs when requested. The unit also provides training to citizens involved with local budget law as well as those wanting to volunteer with the Property Value Appeals Board.

Issue #4: Free small business tax assistance is not readily available.

2022 Recommendation: The DOR and other governing bodies should seek out and identify meaningful solutions to provide small business owners with tax assistance, which could include grant opportunities to fund small business-specific training, tax preparation, and access to legal assistance.

2025 Update: Beginning in the first quarter of 2023, the Withholding and Payroll program started hosting quarterly training events, both virtual and in-person, for Oregon employers. These trainings are available to businesses of all sizes, whether they are a new employer or simply have new staff handling employment-related taxes. The Withholding and Payroll program has also partnered with the DOR's Communications team to develop videos on basic topics like how to get a BIN and how to submit a payroll tax contact change. There have been no measures to promote direct tax preparation or legal assistance for small businesses this biennium.

Issue #5: Taxpayer representatives currently rely on their clients to inform them of non-compliance matters, such as collections notices. They believe this often results in an unnecessary and costly escalation of issues due to missed or untimely conveyance of these matters from the taxpayers to their representatives.

2022 Recommendation: The Department should seek opportunities to send Department correspondence and collection notices to taxpayers and their representatives.

2025 Update: A joint effort has been completed to determine which letters will be published on Revenue Online and which will not, including documenting why any given letter will not be published. Nearly 80 more letters were made available to practitioners in July 2024 after the review was completed.

Issue #6: The form used by taxpayers to appoint authorized representatives (150-800-005 “Tax Information Authorization and Power of Attorney for Representation”) causes confusion for taxpayers and creates processing errors.

Original Recommendation: The form is currently being redesigned and the following specific changes should be considered to prevent these issues and simplify the taxpayer experience: eliminate repeated sections and simplify technical language, add a check box to be sent copies of communications, and separate the form into two separate forms for Power of Attorney and Tax Information Authorization.

2025 Update: As recommended, the POA form was separated into two, one for Authorization for Information and one for Authorization to Represent. The new forms launched in November 2024 and the old POA form was discontinued on January 1, 2025. Changes were made based on input from the public, tax professionals, and staff from all areas of the agency. The new forms are clearer, eliminate processing errors, and help alleviate common confusion around how to use the old POA form. The launch of the new forms and instructions was shared with the public through a GovDelivery bulletin, outreach to tax professionals, and a new webpage which provides additional resources including three videos highlighting the changes found on the new forms.

2025 RECOMMENDATIONS

Issue #1: While the Personal Income Tax unit and Customer Experience Center of Excellence have made changes to better manage the return processing pipeline and improve customer service in the last biennium, the effects of these changes are not yet known. Further, many processes within the Personal Income Tax unit remain opaque which hinders analysis and process improvement.

Recommendation: Continue to monitor the performance of the Personal Income Tax unit in answering taxpayer questions at first contact, working through surges and the existing the backlog of returns, and providing refunds in a timely manner.

Issue #2: Complicated property tax laws result in time-consuming inquiries.

Recommendation: Oregon property tax law, until changed, will remain complicated. Tax professionals and governing bodies should stay vigilant to seek out methods, improvements, and solutions that will aid taxpayer understanding of these laws.

Issue #3: Free small business tax assistance is not readily available. There have been no measures to promote direct tax preparation or legal assistance for small businesses in the last biennium.

Recommendation: The DOR and other governing bodies should seek out collaborations and opportunities to provide small business owners with tax assistance, which could include grants for small business-specific training, free tax preparation support, and access to legal assistance.

Issue #4: Communication between teams and units within the Department of Revenue suffers from a lack of follow-up, leading to substantial delays in customer service. A lack of consistency in terms also contributes to communication problems, as the language and timelines used with customers varies substantially from team to team and person to person.

Recommendation: Implement training around internal and external communication standards, with a set outline of employee experience so employees and managers will both know what is expected with coaching in this area. This training should give employees the knowledge and skills needed to develop consistency across the agency.

Issue #5: Direct File Oregon is missing many of the languages and accessibility features of the IRS Direct File program.

Recommendation: The DOR has partnered with the IRS for Direct File in 2025. The Taxpayer Advocate Office supports this partnership. As they work with the IRS, the DOR should strive to match or exceed the accessibility of IRS Direct File, provide feedback to improve the program, and improve Direct File Oregon based on customer feedback so that more Oregonians are able to use these programs and access tax credits. This feedback should be sought from all users, not just those who successfully filed, in order to identify major barriers that prevent customers from completing their returns.



CASE STUDIES

In cases involving extreme financial hardship, the Taxpayer Advocate Office is sometimes able to directly advocate for relief on a taxpayer's behalf. In several such cases involving ill and elderly taxpayers on a fixed income, we were able to work with the DOR's Collections Division to review the facts of the situation and cancel their balances due to being uncollectible. This work led to the Collections Division changing a process to make it easier for customers to qualify for debt cancellation in certain cases, improving the process for future taxpayers.

Other issues can crop up due to incorrect electronic records causing cascading changes, and it can be a slow and opaque process to dispute these matters at the IRS and state level. In one such case, a bank erroneously issued a Form 1099 to a taxpayer. The IRS changed their federal return to show the additional income and reported the change to the DOR, who also changed their state return. The taxpayer contacted the Taxpayer Advocate Office for help disputing the change at the state level. By helping the taxpayer gather supporting documents and liaising with the DOR Personal Income Tax division, the Taxpayer Advocate Office helped rectify a mistake that would have cost the taxpayer over \$2,000 in taxes, interest, and penalties.

Finally, in 2024 the DOR dealt with an increased number of refunds due to the historic kicker. Lack of refund information and delays in DOR refund processing led to a surge in "Where's My Refund?" inquiries to the Taxpayer Advocate Office as well as other channels like state legislators and the DOR Director's Office. The Taxpayer Advocate Office was a particularly important point of contact for taxpayers experiencing financial hardship during this time, as it often represented their best option for getting a timely refund and avoiding issues with rent, medical expenses, etc. Expediting these refunds became a top priority for our office. In May, June, and July of 2024, the Taxpayer Advocate Office fielded 19 of these hardship cases and expedited the processing of over \$85,000 in refunds for these most pressing cases.

CONCLUSION

With the benefit of our first full biennium, the Taxpayer Advocate Office has been able to track repeat issues, action on our recommendations, and operational changes at the Department of Revenue. We were glad to see the improvements that followed the first Biennial Report in 2023, with some recommendations fully implemented and issues completely resolved. In particular, the Personal Income Tax unit and the Customer Experience Center of Excellence have been responsive to major customer service issues and worked with the Taxpayer Advocate Office to improve the customer experience.

In the next biennium, we hope to address more specific problems around refunds and internal DOR processes as outlined in our 2025 Recommendations. The Taxpayer Advocate Office will also be able to monitor the success of solutions implemented in the past biennium. We will continue to engage with as many areas of advocacy as we can and look forward to forming more community partnerships.

OREGON COUNTS ON US

