Agency Overview

Joint Committee on Ways and Means
Subcommittee on General Government
March 2021
Betsy Imholt, Director
Agenda

**DAY 1**
Agency Overview
Personal Tax and Compliance Division
Business Division

**DAY 2**
Business Division Continued
Property Tax Division
Collections Division

**DAY 3**
Information Technology Services
Administration
Oregon Department of Revenue

- Governor
- Director
- Deputy Director

- Personal Tax and Compliance
  - Business
    - Marijuana
    - Corporate Activity Tax
  - Property Tax
    - Senior & Disabled Citizen Property Tax Deferral
- Collections
- Information Technology
- Administration
DOR Team
1014 FTE 2019—21 LAB

- Admin 7%
- Collections 7%
- Property Tax 9%
- Business 21%
- IT 18%
- Personal Tax and Compliance 38%
Current Budget Breakdown

2019–21 LAB $351.8 million
Oregon’s Revenue

All Funds 2019–21

- Federal Funds: $32 B
- Other Funds: $22 B
- General Fund: $42 B
- Lottery: $1 B

Our Scope: $26.5 B
Revenue Raised 2019–21 (in Billions)

Other Funds
- Actuals: $4.2
- Projected Remaining: $1.5
- Total: $5.7

General Fund
- Actuals: $15.7
- Projected Remaining: $5.1
- Total: $20.8
What We Do

Administer 37 tax and fee programs
Bring in over $26.5 billion dollars this biennium
Oversee the property tax system
Collect on behalf of state and local governments
Major Changes 2016–21

- **Jan. 2016**: Marijuana Retail Tax
- **July 2018**: Statewide Transit Tax
- **July 2019**: Created Collections Division
- **March 2020**: COVID-19

**Core Systems Replacement (2013–18)**
- Vehicle Privilege Tax
- Vehicle Use Tax
- Bicycle Excise Tax

**Processing Center Modernization (2018–21)**
- Heavy Equipment Rental Tax
- Corporate Activity Tax
- Inhalant Delivery System Tax

**Created Collections Division**
Historical Staffing (Full Time Equivalent)

- 2015–17 LAB: 1,025
- 2017–19 LAB: 963
- 2019–21 LAB: 1,014
- 2021–23 GRB: 1,018
Key Performance Measures

- **KPM #1**: Average Days to Process Personal Income Tax Refund
- **KPM #2**: Percent of Personal Income Tax ReturnsFiled Electronically
- **KPM #3**: Employee Training Per Year
- **KPM #4**: Customer Service
- **KPM #5**: Effective Taxpayer Assistance
- **KPM #6**: Appraisal Program Equity and Uniformity
- **KPM #7**: Appraisal Value Uniformity
- **KPM #8**: Direct Enforcement Dollars Cost of Funds
- **KPM #9**: Collection Dollars Cost of Funds
- **KPM #10**: Cost of Assessments
- **KPM #11**: Employee Engagement
Challenges

IT maintenance and operations
Demands of new tax programs
Increasing program complexity
Changes at the IRS
Maintaining resiliency
Resiliency in 2020

About 85 percent of DOR staff work remotely as of March 2020

In-person appointments are available in field offices

Online self-scheduling is available
COVID-19 and Wildfire Relief

Extended due dates
Longer payment plans
Interest and penalty waivers
COVID-19 Temporary Paid Leave Program (DCBS)
Data sharing with Employment
Where We Are Headed

Update our strategic plan
Expand our engagement with taxpayers
Increase our data capabilities
Reimagine our workplace for increased remote work
Continue investment in our people, training, empowerment, and equity
Continue investment in our efficiency with technology
## Key Budget Investment Requests

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<th>3 FTE</th>
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<td><strong>IT MODERNIZATION</strong></td>
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<td><strong>PROPERTY TAX</strong></td>
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<td><strong>EQUITY AND TRAINING</strong></td>
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## Oregon Department of Revenue Budget

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<td><strong>2019–21 LAB</strong></td>
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<td>144,450,716</td>
<td>351,847,757</td>
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<td><strong>2021–23 CSL</strong></td>
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<td><strong>2021–23 GRB</strong></td>
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</table>
Betsy Imholt, Director
Oregon Department of Revenue
Phone: 503-507-7186
Email: betsy.a.imholt@oregon.gov
Topics

01 Division Overview
02 Key Performance Measures
03 Challenges
04 COVID-19 Relief
05 Policy Option Packages
06 Budget
What We Do in Personal Income Tax

Largest source of revenue for the state

Brought in $19 billion for Oregon in the 2019–21 biennium

Over 2.2 million tax returns processed in 2020
Personal Income Tax Basics

Follow federal law with adjustments for Oregon

Federal connection allows for ease of administration

The "kicker" is unique to Oregon

Tax on income
How We Do It

Call centers  Online self-services  Five field offices
We Focus on Voluntary Compliance

**Assistance** to make filing easy and accessible

**Education** to provide support through information and outreach

**Enforcement** to encourage compliance through audits and reviews
Enforcement Activity

- Audit
- Discovery
- Filing enforcement
- Return processing adjustments
Fraud by the Numbers

- Stopped over $7.7 million
- Stopped almost 13,000 returns
- Average refund stopped: $600
Fraud Prevented Over Time (in Millions)

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Returns Stopped Over Time

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<tr>
<th>Year</th>
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<tbody>
<tr>
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<td>2020</td>
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1,798
Key Performance Measures

**KPM #1**
- Average days to process personal income tax refund
  - Target: 16 days
  - Actual: 17 days

**KPM #2**
- Percent of personal income tax returns filed electronically
  - Target: 90%
  - Actual: 91.3%

**KPM #4**
- Customer service rating of “good” or “excellent”
  - Target: 85%
  - Actual: 91%
Key Performance Measures

**KPM #5**
- Effective Taxpayer Assistance
  - Target: 85%
  - Actual: 85%

**KPM #8**
- Direct Enforcement Dollars Cost of Funds
  - Target: $0.20
  - Actual: $0.21

**KPM #10**
- Cost of Assessments
  - Target: $0.18
  - Actual: $0.06
Challenges

Federal law changes
Transfer of experienced staff to support new programs
COVID-19
Oregon wildfires
Remote work
COVID-19 Relief

Filing due date moved to July 15, 2020
Changed audits
Virtual Oregon New Law Updates with over 800 people attending
COVID-19 Temporary Paid Leave Program (DCBS)
Data sharing with Employment
Seasonal Staff
Policy Option Package 103

Provides $575,790 General Fund and $11,747 Other Funds to fund 4.68 full-time equivalent permanent, seasonal positions to address increased tax processing workload during tax season.
Collections Consolidation
Policy Option Package 106

Shifts $29,228,030 General Fund, $583,326 Other Funds, and 147.00 full-time equivalent positions to the Collections Division to comply with legislative direction to consolidate all collection functions into a single division.

No additional funds requested.
### Personal Tax and Compliance Division Budget

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
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<td><strong>2019–21 LAB</strong></td>
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<td><strong>2021–23 CSL</strong></td>
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<td><strong>2021–23 GRB</strong></td>
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<td>1,281,024</td>
<td>58,578,049</td>
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**CSL-GRB Change**

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<tr>
<td>(2019–21 LAB)</td>
<td>(29,345,991)</td>
<td>(594,313)</td>
<td>(29,940,304)</td>
<td>(137)</td>
<td>(142.32)</td>
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</table>
JoAnn Martin
Personal Tax and Compliance Division Administrator
Phone: 503-507-4763
Email: joann.m.martin@oregon.gov
Business Division

Joint Committee on Ways and Means
Subcommittee on General Government
March 2021

Katie Lolley, Business Division Administrator
Topics

01 Division Overview
02 Key Performance Measures
03 Challenges
04 Cost Containment
05 Partnerships and Stakeholders
06 COVID-19 and wildfire relief
07 Budget
08 Marijuana Retail Tax
09 Corporate Activity Tax
What We Do

- Corporation & Estate Tax
- Withholding & Payroll Tax
- Cigarette & Tobacco Tax
- Special Programs
Annual Revenue Distribution
$10 Billion

Recipients of other 5 percent:
- Cities and counties
- Community Right to Know
- Department of Environmental Quality
- Office of Emergency Management
- Office of State Fire Marshal
- Oregon Department of Transportation
- Oregon Health Authority
- Oregon Youth Conservation
- Travel Oregon
- Local tourism organizations
Program Goals

Voluntary compliance
Efficient and timely service
How We Do It

- 23,527 Registrations
- 130,822 Phone Calls
- 884,787 Returns
- Digital and Paper Resources
- Compliance
- Appeals
Withholding Compliance

- Filed timely
- Resolved pre-assessment
- Received assessment
Statewide Transit Compliance

Q3 2018  Q4 2018  Q1 2019  Q2 2019  Q3 2019  Q4 2019  Q1 2020  Q2 2020

Filed timely  Resolved pre-assessment  Received assessment
Corporate Audits Completed

COVID-19

Q1 Q2 Q3 Q4 Q5 Q6 Q7 Q8

2017–19 2019–21
Key Performance Measures

KPM #8

Direct Enforcement Dollars
Cost of Funds
Target: $0.20
Actual: $0.21

KPM #10

Cost of Assessments
Target: $0.18
Actual: $0.06
Challenges

New tax programs
System work
Local government needs
New Tax Programs

Statewide Transit Tax
Vehicle Privilege Tax
Vehicle Use Tax
Bicycle Excise Tax
Heavy Equipment Rental Tax
High Hazard Oil Train Fee
Tobacco and inhalant delivery systems
Local Lodging Tax Administration
Marijuana Retail Tax
Corporate Activity Tax
Other Changes

Market-based apportionment
Dedicated phone line
1099-K and 1099-NEC
Cost Containment

Electronic filing
Bulk filing
Combined voucher
Postage
Partnerships and Stakeholders

- Oregon Employment Department
- Department of Consumer and Business Services
- Interagency Compliance Network
- Multistate Tax Commission
- Oregon Lottery
- Tax Professionals
- Federation of Tax Administrators
- Internal Revenue Service
- Small Business Development Centers
- Local Governments
COVID-19 and Wildfire Relief

- Fewer outreach events
- Tax relief, penalty and interest waivers
- Audit and compliance work changes
Cigarette and Tobacco Tax
Policy Option Package 104

Provides $1,330,419 Other Funds to fund 6.00 full-time equivalent positions to implement House Bill 2270 (2019) passed by voters in November 2020. This referendum increased taxes on cigarettes, made changes to cigar taxes, and expanded taxes on vaping products.
Collections Consolidation
Policy Option Package 106

Shifts $3,387,096 General Fund, $1,926,047 Other Funds, and 27.56 full-time equivalent positions to the Collections Division to comply with legislative direction to consolidate all collection functions into a single division.

No additional funds requested.
Psilocybin, EITC, and Tobacco Retail Licensure
Policy Option Package 090

Provides $546,491 General Fund and 2.00 full-time equivalent positions for administration of Measure 109—Psilocybin.

Provides $696,872 General Fund, $36,676 Other Funds, and 2.95 full-time equivalent positions to support the expansion of the Earned Income Tax Credit for taxpayers with individual taxpayer identification numbers.
## Business Division Budget

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total Funds</th>
<th>Pos.</th>
<th>FTE</th>
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<tbody>
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<td><strong>2019–21 LAB</strong></td>
<td>23,660,861</td>
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<td>36,715,487</td>
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<td><strong>2021–23 CSL</strong></td>
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<td><strong>2021–23 GRB</strong></td>
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<td>(669,832)</td>
<td>(3,066,805)</td>
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<td>(12.21)</td>
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Marijuana Retail Tax
What We Do

The Marijuana Retail Tax Program began in 2016
We administer the tax for 89 local government
We enter into agreements with tribal governments
Marijuana Revenue Distribution
(first $11,250,000/quarter)
By the Numbers

There are 663 registered marijuana retail locations, a 26 percent increase over 2019.
Challenges

- Cash processing
- Enforcement activities
- DOR costs recovered
- Deschutes County lawsuit
- COVID-19 and wildfires
Program Changes

- **Jan. 2016**: Program inception
- **June 2019**: Modified categories of marijuana items subject to tax
- **Sep. 2019**: Modified city and county opt-in process
- **Nov. 2020**: Measure 110 changed revenue distribution
Partnerships

- Oregon Liquor Control Commission
- Oregon Department of Justice
- Department of Administrative Services
- Law Enforcement
- City Governments
- County Governments
# Marijuana Division Budget

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<td>(85,918)</td>
<td>(85,918)</td>
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Corporate Activity Tax Fund for Student Success
Providing What Taxpayers Need to Comply

- **May 2019**: House Bill 3427 passed
- **June 2019**: Implementation project began
- **Sep. 2019**: House Bill 3427 effective
- **Jan. 2020**: Tax becomes effective
- **April 2020**: First quarterly payments
- **April 2021**: First annual return filing
- **Sep. 2019**: Tax becomes effective
- **Jan. 2020**: First quarterly payments
- **April 2021**: First annual return filing
Implementation Status

**Project Purpose:** Implement the Corporate Activity Tax by creating and staffing the CAT program section and configuring DOR’s IT systems to manage the new tax.

- **Start** June 2019
- **Finish** July 2021

<table>
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<tr>
<th>Category</th>
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<tbody>
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<td>Budget and Staffing</td>
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<tr>
<td>Communication and Outreach</td>
<td>On track</td>
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<tr>
<td>Policy and Systems</td>
<td>On track</td>
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<tr>
<td>IT Systems Configuration</td>
<td>Behind schedule</td>
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</table>
By the Numbers

- **21,032** Registered CAT taxpayers (Jan. 2021)
- **25,204** Quarterly estimated payments (Jan. 2021)
- **$627M** Disbursements to Fund for Student Success

- **$818M**
Outreach and Communication Since Inception

- Sent 736,000 letters to businesses
- Issued 42 press releases
- Sent 61 email updates
- Responded to 4,100 emails
- Answered 11,000 phone calls
- Twitter and LinkedIn
- Outreach tours
- Virtual public meetings
- Met with industry groups
- Website
Challenges

- Potential for changes since it is a new program
- Work left to complete
- Customer service during first filing season
- Taxpayer and tax professional education
Resources for Program Operations

Policy Option Package 105

Provides $4,642,013 Other Funds and 17.76 full-time equivalent positions for the Corporate Activity Tax program administrative support.
## Corporate Division Budget

<table>
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<tr>
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<th>General Fund</th>
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<td>4,648,130</td>
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</table>
Katie Lolley
Business Division Administrator
Phone: 503-949-4991
Email: katie.m.lolley@oregon.gov
Topics

01 Division Overview
02 Property Tax System Oversight
03 Timber Tax Programs
04 Industrial Valuation and Central Assessment
05 Key Performance Measures
06 Challenges
07 COVID-19 and Wildfire Relief
08 Budget
09 Senior & Disabled Citizen Property Tax Deferral
Oregon Department of Revenue

Property Tax

Senior & Disabled Citizen Property Tax Deferral
What We Do

- We oversee the property tax system and provide technical assistance to local governments
- We determine the value of private forestland and administer timber tax programs
- We value industrial and centrally assessed property
- We support bringing in $14 billion in county property tax revenue this biennium
Key Performance Measures

KPM #6

Appraisal Program Equity and Uniformity
Target: 98%
Actual: 97%

KPM #7

Appraisal Value Uniformity
Target: 20%
Actual: 12%
Oversight and Technical Assistance

- Administer CAFFA grant program
- Review ratio reports
- Provide appraiser training
- Provide mapping standards and services
Process Boundary Changes in Half the Time

- Completed within 30 days
- Completed 82 percent within 14 days

Statutory requirement

Actuals 2019–20
Digital Mapping Progress with ORMAP

County tax maps complete
Forestland Valuation and Timber Taxes

Our private forestland values resulted in $23.3 million in taxes paid to counties.

Timber taxes generated about $34 million in revenue.

Participation in timber tax programs is stable.
Participation in Timber Tax Programs by Number of Tax Returns

- Forest Products Harvest Tax: 3,647
- Small Tract Forestland Severance Tax: 596
Reduced Manual Intervention of Timber Tax Program Returns in 2019
Industrial Valuation

Electronics
Wood
Technology
Food Processing
Central Assessment

Railroads
Airlines
Pipelines
Communication Companies

Energy
Transmission
Solar Farms
Wind Farms
Industrial Valuation and Central Assessment Risk

This program results in about $535 million in tax revenue to local governments.

The program’s aging software system is becoming increasingly unstable and puts that revenue at risk.
Electronic Valuation Information System (ELVIS)
Policy Option Package 102

Provides $4,245,000 Other Funds through bond funding, $672,270 General Fund for debt service, and 1.76 full-time equivalent positions for the Electronic Valuation Information System (ELVIS) project, which would modernize the determination of real market value for industrial accounts and central assessment companies, reducing the risk of unrealized property tax revenues.
Challenges

Economic downturns spike litigation
We are currently seeing a spike in litigation due to COVID-19
Our system is aging and puts $535 million in revenue at risk
The amount of property we have to value is increasing every year
Cost Containment

- Self-service portals for appraiser training, registration testing, and continuing education tracking
- Online filing of returns and reports and payments for timber, oil and gas, small railcar, and CAFFA
- Electronic delivery of training materials, industrial property returns, and annual statements
- Added additional approval steps for DOJ legal services requests and reduced DOJ costs by 30 percent
COVID-19 and Wildfire Relief

Waived late-filing penalties for delays
Approved hardship waivers
Provided virtual appraiser training
Monitoring appraiser registration testing online
## Property Tax Division Budget

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total Funds</th>
<th>Pos.</th>
<th>FTE</th>
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<tbody>
<tr>
<td><strong>2019–21 LAB</strong></td>
<td>17,447,147</td>
<td>43,949,920</td>
<td>61,397,067</td>
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<td>80.13</td>
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<td><strong>2021–23 CSL</strong></td>
<td>19,253,100</td>
<td>45,580,451</td>
<td>64,833,551</td>
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<td>79.25</td>
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<td><strong>2021–23 GRB</strong></td>
<td>19,078,268</td>
<td>45,432,218</td>
<td>64,510,486</td>
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<td>79.25</td>
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<tr>
<td><strong>CSL-GRB Change</strong></td>
<td>(174,832)</td>
<td>(148,233)</td>
<td>(323,065)</td>
<td>-</td>
<td>-</td>
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</table>
Senior & Disabled Citizen Property Tax Deferral
How It Works

Seniors and people with disabilities apply to the program

The state pays their county property tax if they qualify

DOR recovers the taxes when the property no longer qualifies, such as when the home is sold
By the Numbers

We pay about $13 million on behalf of participants annually

We help keep about 5,000 people in their homes
Program Participation

<table>
<thead>
<tr>
<th>Year</th>
<th>Senior</th>
<th>Disabled</th>
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<tbody>
<tr>
<td>2011</td>
<td>98</td>
<td>2,000</td>
</tr>
<tr>
<td>2012</td>
<td>4,000</td>
<td>6,000</td>
</tr>
<tr>
<td>2013</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
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<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Legislative Reforms
Average Tax DOR Pays per Household per Year

- **Senior**: $2,623
- **Disabled**: $2,148
COVID-19 Relief

We extended the application period
We processed 134 additional applications
# Senior & Disabled Citizen Property Tax Deferral Program Budget

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total Funds</th>
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<th>FTE</th>
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</thead>
<tbody>
<tr>
<td><strong>2019–21 LAB</strong></td>
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<td>33,822,890</td>
<td>33,822,890</td>
<td>8</td>
<td>7.75</td>
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<tr>
<td><strong>2021–23 CSL</strong></td>
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<td>35,426,437</td>
<td>35,426,437</td>
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<td>7.75</td>
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<tr>
<td><strong>2021–23 GRB</strong></td>
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<td>35,413,129</td>
<td>35,413,129</td>
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<td>7.75</td>
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<tr>
<td><strong>CSL-GRB Change</strong></td>
<td>-</td>
<td>(13,308)</td>
<td>(13,308)</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>
Bram Ekstrand
Property Tax Division Administrator
Phone: 503-945-8661
Email: bram.n.ekstrand@oregon.gov
Collections Division

Joint Committee on Ways and Means
Subcommittee on General Government
March 2021
Deanna Mack, Collections Division Administrator
Topics

01 Division Overview
02 Debt Portfolio
03 Key Performance Measures
04 Challenges
05 COVID-19 and Wildfire Relief
06 Budget
Background

Tax collections spread throughout the agency

Other Agency Accounts unit provides services for 185 entities

Legislature created Collections Division in 2019
Consolidation Timeline

- **July 2017**: Explored collections consolidation (House Bill 5535)
- **July 2019**: Established division with Other Agency Accounts
- **March 2019**: Presented a consolidations plan to Ways and Means
- **Jan. 2020**: Personal Income Tax collections consolidation
- **Dec. 2019**: Created division operations structure
- **Dec. 2020**: Business collections consolidation
- **Feb. 2020**: Consolidation included in the Governor’s Recommended Budget
Debt Portfolio

We collect both tax and non-tax debt.

- Tax debt under normal billing or in active collection by DOR
- Other Agency Accounts in active collection by DOR
- Debt assigned to private collection firms (both tax debt and Other Agency Accounts)
How We Collect

Normal billing

Active collection by DOR

Private collection firms
2020 Debt Collection Rates

17.2% collection rate
Tax debt collected at DOR

8.9% collection rate
Other Agency Accounts collected at DOR

1.7% collection rate
Debt assigned to private collection firms
About 5 percent of taxes we collect every year end up being severely past due.
Debt Inventory (in Millions)

- Tax Debt: $840.0, 66%
- Other Agency Accounts (OAA): $438.7, 34%
- At Private Collection Firms
Historical Debt Inventory (in Millions)

- Tax Debt
- Other Agency Accounts
Composition of Other Agency Accounts

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount (millions)</th>
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<tr>
<td>OJD</td>
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<td>DCBS</td>
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<td>Employment</td>
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<td>OHSU</td>
<td>$19.6</td>
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<td>BOLI</td>
<td>$8.0</td>
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<tr>
<td>Others</td>
<td>$71.0</td>
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<td><strong>Total</strong></td>
<td><strong>$438.7</strong></td>
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</table>

Other Agency Accounts (OAA)

- $438.7 (34%)

Tax Debt

- $840.0 (66%)
Uncollectable Debt in Fiscal Year 2020

- $1.4 million forgiven in settlement offers
- $42.4 million in write-offs
- $20.6 million in cancellations
Our 2021–23 Collection Projections

- Other Agency Accounts: about $90 million
- Tax Collection: about $430 million
- Based on historic monthly collections
Key Performance Measure

KPM #9

Collection Dollars
Cost of Funds
Target: $0.10
Actual: $0.10
Challenges

High unemployment may cause taxpayers to have unexpected tax bills in 2021

COVID-19 relief options slow progress of collections on existing debt

COVID-19 safety constraints impact field collections work
COVID-19 and Wildfire Relief

Payment plan terms extended
One-time “skip payment” offered
Payment plan and garnishment modifications offered
Temporary reduction in garnishments issued
Reduction in tax liens filed
NSF check penalties waived
Income tax filing due dates extended
Collection Consolidation
Policy Option Package 106

Accepts $32,615,126 General Fund, $2,509,373 Other Funds, and 174.56 full-time equivalent positions shifted from the Personal Tax and Compliance and the Business divisions to comply with legislative direction to consolidate all collection functions into a single division.

No additional funds requested.
Financial Institution Data Match
Policy Option Package 107

Provides $214,500 General Fund and $71,500 Other Funds to continue funding the Financial Institution Data Match program approved by Senate Bill 254 (2017).
## Collections Division Budget

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total Funds</th>
<th>Pos.</th>
<th>FTE</th>
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<td>13,626,145</td>
<td>13,626,145</td>
<td>73</td>
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<td><strong>2021–23 CSL</strong></td>
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<td>14,801,885</td>
<td>14,801,885</td>
<td>73</td>
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<td><strong>2021–23 GRB</strong></td>
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<td>247.56</td>
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<td>32,829,626</td>
<td>2,478,845</td>
<td>35,308,471</td>
<td>175</td>
<td>174.56</td>
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</table>
Deanna Mack
Collections Division Administrator
Phone: 503-947-2082
Email: deanna.d.mack@oregon.gov
Topics

01 Division Overview
02 Information Technology Services
03 Processing Center
04 Major Changes and Accomplishments
05 Requested Budget and Desired Results
06 Challenges
07 Cost Containment
08 COVID-19 Relief
09 Budget
Information Technology Services

- Provide ongoing support for the agency’s computer users
- Maintain and support the agency’s hardware and software portfolios
- Manage the IT project portfolio and provide IT project management services
Processing Center

- Process incoming paper returns and payments

- Resolve posting errors for payments and returns, regardless of how the return was filed (electronic or paper)

- Prepare and test processing systems; troubleshoot daily operations
By the Numbers

Support around 1,000 employees’ IT needs

Bank over $15 billion in tax payments annually

Process 690,000 paper tax returns annually

Image all check payments and 95 percent of paper tax returns
Major Changes and Accomplishments

Core Systems Replacement
Processing Center Modernization
Implementing new tax programs
Auto garnishments for collections

Modernized computer hardware
Retired older equipment
Disaster recovery
IT Strategic Plan

- Develop outcome-based management rooted in processes and procedures
- Optimize and modernize infrastructure and application portfolios
- Build our employees’ skills today to equip the agency with the capabilities of tomorrow
Simplifying Our Software Application Portfolio

![Graph showing the reduction of software application portfolio from 2019 to 2025. The numbers represent the portfolio size each year: 109 in 2019, 92 in 2020, 73 in 2021, 68 in 2022, 57 in 2023, 43 in 2024, and 32 in 2025.](image-url)
Increasing Our GenTax Expertise

Monthly percentage of change requests completed by DOR (July 2018 – June 2020)
GenTax Change Request (SQR) Examples

**Simple Request**
Changing a signature on a form

**Medium Request**
Clarifying language in a letter series

**Complex Request**
Implementing the Corporate Activity Tax Program
GenTax Change Request (SQR) Capacity

Projected added capacity with the investment in POP 110
Requested Budget and Program Results

- **Base Operations**: Maintain core systems. Process payments and returns. Provide end user support.
- **Capacity and Independence**: Expand internal GenTax team to achieve greater capacity to do work internally and achieve independence from vendor.
- **Compliance**: Ensure compliance with IRS guidelines.
Vendor Contracted Maintenance and Support
Policy Option Package 109

Provides $5,571,002 General Fund and $484,435 Other Funds for ongoing contracted maintenance and support for GenTax, the department’s new tax administration system.

This request maintains current service level. This was funded in 2019–21. Not approving this request will be a reduction in service.
Core Systems Operations and Maintenance
Policy Option Package 110

Provides $2,217,434 General Fund, $192,818 Other Funds, and 7.92 full-time equivalent positions to build agency IT capacity to reduce dependence on vendors.
IT Compliance Risk Mitigation
Policy Option Package 111

Provides $243,871 General Fund and $21,206 Other Funds for IT compliance risk mitigation regarding federal tax data.
Processing Center
Transit Tax Processing
Policy Option Package 112

Provides $1,367,685 Other Funds and 11.00 full-time equivalent seasonal positions to meet processing demands of the Statewide Transit Tax.

This request maintains our current staffing level. Not approving this request will be a reduction in service.
Quick Modules
Maintenance and Support
Policy Option Package 113

Provides $394,075 General Fund and $27,483 Other Funds to pay for ongoing support and maintenance costs for the agency’s new paper tax return processing system.
Challenges

Technology and customer demand shifts at the legislative, state agency, local government, and taxpayer level

Effect of other agencies’ modernization efforts on DOR IT resources

Agency dependence on vendor resources
Cost Containment

Decommissioning the legacy tax applications and cleaning up the application portfolio

Transitioning away from vendor resources supporting Oregon’s core tax processing system to having DOR IT provide support

Increasing Processing Center efficiencies due to the completion of the Processing Center Modernization project
COVID-19 Relief

Transitioned 400 employees to remote working over 10 days in March 2020

Implemented COVID-19 relief actions for agency programs, including modifying filing deadlines

Data sharing with Employment for Pandemic Unemployment Assistance claims
# Information Technology Division Budget

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total Funds</th>
<th>Pos.</th>
<th>FTE</th>
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<tbody>
<tr>
<td><strong>2019–21 LAB</strong></td>
<td>42,077,981</td>
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<td>49,375,280</td>
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<td>183.15</td>
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<td>37,194,466</td>
<td>5,421,723</td>
<td>42,616,189</td>
<td>212</td>
<td>170.57</td>
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<td><strong>2021–23 GRB</strong></td>
<td>44,590,120</td>
<td>7,321,387</td>
<td>51,911,507</td>
<td>232</td>
<td>189.49</td>
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<td>18.92</td>
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## Core Systems Replacement Budget

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<tbody>
<tr>
<td><strong>2019–21 LAB</strong></td>
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<td>3,251,000</td>
<td>3,251,000</td>
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<tr>
<td><strong>2021–23 CSL</strong></td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>2021–23 GRB</strong></td>
<td>-</td>
<td>4,245,000</td>
<td>4,245,000</td>
<td>2</td>
<td>1.76</td>
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<td><strong>CSL-GRB Change</strong></td>
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<td>4,245,000</td>
<td>4,245,000</td>
<td>2</td>
<td>1.76</td>
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</tbody>
</table>
Kathy Terman
Information Technology Division Administrator
Phone: 503-945-8006
Email: kathleen.terman@oregon.gov
Joint Committee on Ways and Means
Subcommittee on General Government
March 2021
Satish Upadhyay, Deputy Director
Topics

01 Division Overview
02 Summary of Programs
03 Key Performance Measures
04 Budget
Division Overview

Director’s Office  Financial Services  Communications  Human Resources  Research

Internal Audit  General Services
Communication and Outreach

857 followers

971 followers

55,097 email subscribers
Key Performance Measures

**KPM #3**

- Employee Training per Year
  - Target: 65%
  - Actual: 26%

**KPM #11**

- Employee Engagement
  - Target: Index of 60
  - Actual: No Data
Employee Engagement Survey Response Rate

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<th>Year</th>
<th>Response Rate</th>
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<td>2013 Q1</td>
<td>71%</td>
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<tr>
<td>2013 Q3</td>
<td>58%</td>
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<td>2014</td>
<td>70%</td>
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<tr>
<td>2015</td>
<td>61%</td>
</tr>
<tr>
<td>2016</td>
<td>52%</td>
</tr>
<tr>
<td>2017</td>
<td>55%</td>
</tr>
<tr>
<td>2018</td>
<td>53%</td>
</tr>
<tr>
<td>2019</td>
<td>No Data</td>
</tr>
<tr>
<td>2020</td>
<td>74%</td>
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</tbody>
</table>
2020 Employee Engagement Survey Results

Overall percent of engaged workers in the U.S. during 2020 was 36 percent.
Recent Audits

January 2019  Culture Audit
January 2019  Cyber Security Audit
April 2020    CAFR Audit
January 2021  Change of Director Review
Pending      CAFR Audit

The results of, and agency responses to, these audits are available in our Written Reference Materials in Appendix G
# Long-Term Vacancies

<table>
<thead>
<tr>
<th>Status</th>
<th>Vacant 7-11 Months</th>
<th>Vacant 12+ Months</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Recruitment Process</td>
<td>22</td>
<td>6</td>
<td>28</td>
</tr>
<tr>
<td>In Use for Personnel Actions</td>
<td>5</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>Vacant</td>
<td>11</td>
<td>9</td>
<td>20</td>
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## Ten Percent Reductions

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<tr>
<th></th>
<th>General Fund</th>
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<td>PTAC</td>
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<td>158,931</td>
<td>8,978,806</td>
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<td>Business</td>
<td>2,128,124</td>
<td>1,007,453</td>
<td>3,135,577</td>
<td>16</td>
<td>16.00</td>
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<td>Marijuana</td>
<td>-</td>
<td>244,339</td>
<td>244,339</td>
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<tr>
<td>Corporation</td>
<td>-</td>
<td>511,805</td>
<td>511,805</td>
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<td>1.76</td>
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<td>PTD</td>
<td>1,958,688</td>
<td>180,778</td>
<td>2,139,466</td>
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<td>Senior Deferral</td>
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<td>Nonprofit</td>
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<tr>
<td>Homes</td>
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<td>Collections</td>
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<td>ITSD</td>
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<td>Administration</td>
<td>2,232,940</td>
<td>277,923</td>
<td>2,510,863</td>
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<td>11.00</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>20,554,874</strong></td>
<td><strong>3,430,770</strong></td>
<td><strong>23,985,644</strong></td>
<td><strong>107</strong></td>
<td><strong>105.76</strong></td>
</tr>
</tbody>
</table>
Equity and Training
Policy Option Package 101

Provides $553,376 General Fund and $60,679 Other Funds to fund 2.64 full-time equivalent positions to work on improving workforce diversity, help develop internal career pathways, and implement an employee engagement program.
## Administration Division Budget

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
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</thead>
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<tr>
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<td>27,373,952</td>
<td>7,202,857</td>
<td>34,576,809</td>
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<td><strong>2021–23 CSL</strong></td>
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<td>8,422,461</td>
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<td><strong>2021–23 GRB</strong></td>
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## Capital Debt Service and Related Costs Budget

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<th>FTE</th>
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<tr>
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<td>550,120</td>
<td>7,246,020</td>
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<td>7,918,290</td>
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<td><strong>CSL-GRB Change</strong></td>
<td>672,270</td>
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<td>672,270</td>
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