

023 Paul Warner Overview of today's presentation of compliance and administration from Dept. of Revenue. Overview of upcoming meetings this week.

050 Chair Butler Committee business regarding field trip to OLCC on 01/28/05.

ORIENTATION

110 Elizabeth Harchenko Introduces herself and the Deputy Director, Susan Browning.

118 Harchenko Begins overview (Exhibit 1).

130 Harchenko Reviews Department of Revenue (DOR) history.

218 Chair Butler Requests brief background of lodging tax begun in 2003.

220 Harchenko Responds that the tax has worked well so far for the industry. It was designed to raise \$9-10 M a year for tourism. These funds are on target.

236 Harchenko Reviews department's organizational structure.

- 283 Harchenko Next several pages (pages 9-13) show the major programs the department is involved in and the services paid for by those programs.
- 310 Harchenko Largest programs administered by the department are for property taxes and schools (page 11).
- 332 Rep. Berger Asks for clarification of mapping (page 10). Is this a function of counties rather than of a state agency?
- 340 Harchenko Explains that the mapping services are related to the county assessor's ability to be able to bill the taxes and to track any changes to that property, e.g., improvements or ownership changes. The level of county resources available for mapping expertise varies greatly; some counties contract with the state for cartography assistance. The legislature subsidizes that cost by paying for about half of it out of the general fund, and the county pays for the other half.
- 400 Chair Butler Concurs with comments by Director Harchenko regarding counties that contract with the state because of the advanced technology that the department has.
- 415 Rep. Esquivel Asks about small counties using the mapping technology done by the department of revenue.
- 444 Harchenko Responds that the department is moving toward a digital map base supported by counties and state. At this time some counties cannot receive digital mapping via their computers, but they are being upgraded.

472 Rep. Esquivel Asks about partnering with title companies who also have the mapping information.

478 Harchenko Responds that in many counties, especially those that are large in area but small in population, the title companies rely on the county maps developed by the county or the state.

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032 Harchenko The other large area of administration involves cigarette and other tobacco tax dollars (page 13). Discusses enforcement partnership with OR state police and Dept. of Justice.

060 Chair Butler Comment: at least one bill is referred to the revenue committee on a cigarette tax; there will be others in the near future. Need to discuss if counties have the ability to impose a tobacco tax. Is it something that can be administered by the department?

071 Harchenko Responds that if all counties were to impose a 10 cent tax, it would be easier to administer rather than if some counties chose to and some did not.. Explains how the tax is currently distributed.

090 Chair Butler Asks that if all 36 counties could reach a unanimous decision to impose a 10 cent tax, would there be an additional administrative burden that Harchenko could anticipate?

106 Harchenko

Responds that if the legislature established a distribution formula, the process would be much easier to administer. Enabling legislation would need to be proposed for all counties to have a uniform tax policy.

- 125 Harchenko Responds that the department would be willing to work with the committee on this kind of proposal.
- 129 Rep. Boquist Clarifies that there is no way to track consumption by county at this time.
- 138 Harchenko Concurs.
- 151 Harchenko Refers to pages 14 and 15 regarding the other taxes collected (projected for 2005-2007) and where the money goes.
- 160 Rep. Komp Asks about increases for certain areas in 2005-07 projection (pages 14-15). Are there certain areas going up or down that the committee should be aware of, e.g., forest products and harvest tax.
- 176 Harchenko Responds that there are indeed particular areas that fluctuate. Asks John Phillips (Dept. of Revenue) to note this question and get back to the representative with answer.
- 199 Browning Discusses department business plan (page 18).

- 210 Browning Discusses new features now available to taxpayers, such as growth of electronic filing of income taxes.
- 255 Chair Butler Comments that he would like to see statistical reports about other states' filing programs on-line and impact of savings to DOR.
- 275 Harchenko In response, discusses other states' programs on e-filing.
- 290 Chair Butler Comments that there are some opportunities for states to partner with software programs.
- 328 Browning Responds that there is information on the department's web site for other tax preparation software. Discusses a student section on the DOR web site that hopefully will engage young people in the tax process.
- 330 Browning Continues with review of new programs initiated.
- 351 Browning Discusses partnering with other agencies (page 30).
- 386 Browning Reviews income tax programs (page 20-22).

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- 027 Chair Butler Asks about amnesty programs in other states and their revenue impact on OR.
- 032 Browning Responds that information is being shared with the IRS, and that CA's program is being reviewed by department.
- 043 Rep. Hass Further comments about any reports from the Multi-State Tax Commission on amnesty programs
- 050 Harchenko Responds that she expects to report within the next month on the potential enforcement of abusive tax shelters and will discuss amnesty programs.
- 076 Harchenko Multi-state Tax Commission overview (page 45).
- 090 Chair Butler Asks about penalties on abusive tax shelters and its history. Requests data from department.
- 105 Harchenko Responds that the department will be able to report on this within the next month.

- 114 Browning Filing compliance information (page 22).
- 125 Browning Reviews Code of Conduct information (page 23).
- 132 Chair Butler Requests more information about all types of penalties collected and their relationship to amounts collected.
- 148 Browning Responds that DOR staff will get that information to the chair.
- 150 Browning Taxpayer Assistance in Revenue's Offices (page 24). How We Work to Improve Compliance (page 25).
- 170 Browning Excise and Income Tax Quick Facts (page 26).
- 179 Browning Processing Center Quick Facts (page 28).
- 217 Harchenko Property Tax overview (pages 30-33).
- 274 Harchenko Mapping (pages 33 and 36).

- 296 Rep. Boquist Asks how many counties are participating in the OR Map Project.
- 300 Harchenko Responds that all counties are participating in that project.
- 321 Harchenko Continues discussion of OR Map Project (pages 38-39). Partners in this project are the federal government, state and local governments, and private entities such as utilities, real estate, and escrow companies.
- 354 Rep. Berger Asks about time frame for OR Map Project.
- 363 Harchenko Responds that target date is October of 2008. Discusses what features will be available on the digital database.
- 380 Rep. Berger Asks what state agencies are partnering?
- 383 Harchenko Responds that the DOR's advisory committee includes the Dept. of Forestry, Water Resources, and other state agencies that use geographic maps.
- 433 Harchenko In consideration of time, Harchenko requests that any discussion regarding tobacco taxes be deferred until a specific bill has been proposed. The department will respond at that time.

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015 Harchenko Policy Option Packages (page 44).

029 Harchenko Discusses Multistate Tax Commission (page 46).

054 Chair Butler Adjourns meeting at 2:59 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

1. Overview Handout, Dept. of Revenue, 46 pp., 01/05.