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Bill improves efficiency in state's debt collection processes *SB 254 requires financial institutions match data with Department of Revenue*

SALEM – The Oregon Senate took steps to improve government efficiency by passing a bill making it easier to collect money owed for taxes and other debts.

Senate Bill 254 – which passed the Senate today – requires financial institutions to match their data quarterly with the Department of Revenue to identify accounts of delinquent debtors. The bill requires the Department of Revenue to pay the institutions for the service, and permits that those funds be reimbursed to the state by the debtors.

“An important part of dealing with budgetary issues is collecting the money the state is legitimately owed,” said Sen. Kathleen Taylor (D-Portland), who was a chief co-sponsor of the bill along with Sen. Betsy Johnson (D-Scappoose). “This is about government efficiency and easily being able to locate those who owe back taxes or other debts. We need to collect those funds, in a reasonable way. This will not change any of the protections we have for individuals who owe debt to the state.”

Currently, \$3.3 billion in liquidated and delinquent debt is owed to the state. Of that, \$600 million is owed to the Department of Revenue. Currently, the state doesn't permit the Department of Revenue to use financial institution data matching programs for debt collection. When the location of the funds of someone who owes money is unclear, the department must guess which institution the debtor might use. This is cumbersome and costly, and allows for individuals who owe money to easily dodge their rightful debts.

The Oregon Department of Justice already uses these programs to identify individuals who are delinquent in child support payments and issue garnishments. The new bill gives the

Department of Revenue the same ability to use data match programs and issue garnishments, but child support collections take priority to other types of debt.

“It’s impossible to run an effective revenue-collecting operation if you have to chase people down who owe money,” said Sen. Johnson, who was a chief co-sponsor of the bill along with Sen. Taylor. “This legislation makes the process more efficient and helps the Department of Revenue actually collect more of the money that is owed to the state.”

The Legislative Fiscal Office estimates that a total of \$2 million could be collected in the next biennium, followed by \$8.3 million in 2019-21 and \$10.2 million in 2021-23.

Senate Bill 254 now goes to the House of Representatives for consideration.

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