



## SENATE MAJORITY OFFICE

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### NEWS RELEASE

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#### **Amnesty program will help bring in delinquent tax revenue** *SB 880 uses a carrot and stick approach to collect back taxes*

SALEM – Oregon will give people and corporations who owe back taxes a time out from penalties with legislation passed this afternoon in the Senate. SB 880 establishes a personal, corporate and inheritance tax amnesty to run from October 1 through November 19, 2009. The Legislative Revenue Office estimates that SB 880 will net \$16.2 million for the 2009-2011 biennium – money that will go to support schools, public safety, and essential services.

“We fully believe in holding people accountable for their responsibility to pay taxes,” said Senator Ginny Burdick (D-Portland), chair of the Senate Finance and Revenue Committee. “However, we recognize that it can be difficult for people to settle up in tough times. This bill gives them a good reason to take care of their outstanding debt while implementing higher penalties for those who continue to willingly disregard their tax obligation.”

SB 880 uses both rewards and penalties to encourage taxpayers to come forward and settle their tax debt. As an enticement, the Department of Revenue is directed to waive the penalties and half of the interest payments that would otherwise be due for delinquent taxpayers who come forward during the amnesty period. As punishment for not participating, SB 880 allows a post-amnesty penalty equal to 25% of the original penalty for those who could potentially have participated in the amnesty but chose not to.

“This legislation can really help people get on top of their debt,” said Senator Diane Rosenbuam (D-Portland). “We’ve made accommodations to ensure that people will know about the program and will be able to make payments in installments if that’s what they can afford at the time.”

To maximize public awareness of the amnesty opportunity, SB 880 requires creation of an outreach and media campaign. Participants may apply to pay the balance due in installments. The opportunity for amnesty is limited to participants who have not received a notice of deficiency from the Department of Revenue.

Tax amnesties are commonly employed by states seeking to bring in delinquent tax revenue. Forty-three states have conducted at least one amnesty in the past, including four that are currently ongoing and one that was recently completed. Oregon is 1 of the 7 states that have not had a tax amnesty, though proposals have been considered during past fiscal crises, including during the 2001-03 recession.

The bill will now go to the House for consideration.

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