

# Enrolled Senate Bill 32

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CHAPTER .....

AN ACT

Relating to tax penalties; amending ORS 305.145.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 305.145 is amended to read:

305.145. (1) The Department of Revenue or a county tax collector shall waive interest on an assessment if the taxpayer has failed to make a timely payment or has received an incorrect refund because:

(a) An employee of the department or of a county tax collector acting in an official capacity, who had knowledge of the necessary facts, misled the taxpayer either by some erroneous factual representation or by a course of dealing or conduct;

(b) The taxpayer relied on the misleading factual representation or conduct; and

(c) The taxpayer failed to make a timely payment or has received an incorrect refund by reason of the taxpayer's reliance on the information or course of conduct.

(2) Notwithstanding the provisions of subsection (1) of this section, interest [*shall*] **may** not be waived after the appeal period for a final determination has expired.

(3) The Department of Revenue may, in its discretion, upon good and sufficient cause, according to and consistent with its rules and regulations, upon making a record of its reason therefor, waive, reduce or compromise any tax balance of \$50 or less or any part or all of the [*penalties and*] interest provided by the laws of the State of Oregon [*which*] **that** are collected by the Department of Revenue.

**(4) The department may establish by rule instances in which the department may, in its discretion, waive any part or all of penalties provided by the laws of the State of Oregon that are collected by the department. Rules adopted under this subsection are limited to the waiver or reduction of penalties in cases where:**

**(a) Good and sufficient cause exists for the actions of a taxpayer that resulted in the imposition of a penalty;**

**(b) The actions of a taxpayer that resulted in the imposition of a penalty constitute a first-time offense on the part of the taxpayer; or**

**(c) The actions of the department enhance long-term effectiveness, efficiency or administration of the tax system.**

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**Passed by Senate March 23, 2005**

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Secretary of Senate

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President of Senate

**Passed by House May 20, 2005**

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Speaker of House

**Received by Governor:**

.....M,....., 2005

**Approved:**

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Governor

**Filed in Office of Secretary of State:**

.....M,....., 2005

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Secretary of State