

Detail of 30% Reduction to 2009-11 Essential Budget Level

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Priority (ranked with highest priority first)	Dept. Initials	Prgm. or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes		
Dept	Prgm/Div														
1st 10%											\$ -				
1	PTAC/BUS	Red Pckg 1a from 09-11 Budget Request	Reduces compliance activity but maintains the basic infrastructure to administer these programs that generate General Fund dollars. Long term compliance would be compromised with these reductions. The department is not able to reduce these programs to this level without affecting the 2009-11 General Fund	4,010,688		1,402,313				\$ 5,413,001	32	32.00	Eliminates 32 auditors, revenue agents, and support staff in the personal income tax and corporation income tax programs. It will save about \$4.0 million in General Funds with a \$30.86 million loss of revenue to the state General Fund . The department is focused on maintaining the long-term capability of these tax programs to generate revenue and maintain voluntary compliance. The department will continue to provide core administrative functions for these programs. Also impacts Education and Assistance activities.		
2	PTAC/BUS	Red Pckg 1b from 09-11 Budget Request	Further reduces the income tax programs by eliminating 50 positions, primarily in the personal income tax program.	6,041,555		396,992				\$ 6,438,547	50	50.00	The cut would impact all parts of the program, including withholding, collections, auditing, filing enforcement and support. It will severely impact voluntary compliance, reducing our audit presence in the community and decreasing awareness of the risks of non-compliance. General Fund Revenue loss of \$38.5 million . Also impacts Education and Assistance activities.		
3	PTD/ASD/BUS	Red Pckg 2 from 09-11 Budget Request	Reduces the department's capacity to provide tax administration and collection services for local government. The package also contains the "ripple" effect within the department of the reductions taken in the previous two packages. As we reduce to this level, there will be substantially less mail, processing, and banking work generated by the collections, audit and filing enforcement functions. In addition, with significantly fewer staff, there will be reduced need for infrastructure support in such areas as Human Resources, technical desktop assistance, and facilities.	5,244,859		1,819,980				\$ 7,064,839	50	49.00	This package will do substantial harm to the property tax system and reduce its capacity to generate tax revenue by eliminating 14 positions (3.44 FTE) in property tax assessment and taxation, mapping and valuation. These positions provide statewide supervision of the Property Tax program and deliver valuable services to county government. They also provide mapping services on a contract basis to the counties. The package shifts considerable work to county assessors' offices and will require statutory changes in responsibilities for the Property Tax program to be implemented. Reduces the County Pass through by 10% or \$529,900. General Fund Revenue Loss \$495,480 .		
4	ERA	ERA (part of Red pckge 2)	The Elderly Rental Assistance (ERA) and Non Profit Homes (NPH) program makes payments to eligible low-income elderly renters and to the counties to fund the property tax exemption for nonprofit homes for the elderly.	1,000,000						\$ 1,000,000			None. The program has \$1,000,000 in savings from the appropriation after payments have been made. Approximately a 13% reduction. ***Governor's Recommended Budget cut \$1,090,000***		
2nd 10%											\$ -				
5	ERA	ERA	An additional 7% reduction to get to 20%. This will require the program to prorate payments based upon funds available.	500,000						\$ 500,000			Recipients will receive approximately 92% of what they are eligible for. Impacts elderly who earn less than \$10,000 per year. GRB is reduced from the \$7.5 million EBL level to \$6.41 million.		
6	PTD		Further reduces the department's capacity to provide tax administration and collection services for local government. Priority 1-4 on second 10% reduction list.	1,114,554						\$ 1,114,554	6	5.64	Cuts the ATS Section Manager and 3 additional ATS staff. Revenue loss to local governments of \$500,000.		

7	PTD	County Pass through	The department also passes through payments of \$5.3 million per biennium to the counties, in addition to distributions under the Assessment and Taxation Funding program. This pass-through began in the 1999-2001 biennium as a means to assist the counties in their property tax administration activities. A second 10% reduction is \$529,900.	529,900						\$	529,900			Reduction of County Pass through payments impacts local government's ability to administer the property tax system.	
8	BUS		Further reduces Corporation compliance activity. Attempts to maintain the basic infrastructure to administer these programs that generate General Fund dollars. Long term compliance would be compromised with these reductions. The department is not able to reduce these programs to this level without affecting the 2009-11 General Fund	1,615,612		479,049				\$	2,094,661	12	12.00	It will severely impact voluntary compliance, reducing our audit presence in the community and decreasing awareness of the risks of non-compliance. General Fund Revenue loss of \$10.1 million. Voluntary compliance will erode over time resulting in a negative impact of state revenues beyond the direct revenue loss stated here. Also impacts Education and Assistance activities.	
9	PTAC		Further reduces Personal Income Tax compliance activity. Attempts to maintain the basic infrastructure to administer these programs that generate General Fund dollars. Long term compliance would be compromised with these reductions. The department is not able to reduce these programs to this level without affecting the 2009-11 General Fund	6,571,782		134,098				\$	6,705,880	52	52.00	Eliminates 52 auditors, revenue agents, and support staff in the personal income tax and corporation income tax programs. General Funds revenue loss of \$43.28 million. The department is focused on maintaining the long-term capability of these tax programs to generate revenue and maintain voluntary compliance. The department will continue to provide core administrative functions for these programs. Voluntary compliance will erode over time resulting in a negative impact of state revenues beyond the direct revenue loss stated here. Also impacts Education and Assistance activities.	
10	PTD/ ASD/PTA C/ BUS	Infrastructure	Reduces one division within the department with the remaining staff folded into a surviving division. The package also contains the "ripple" effect within the department of the reductions taken in the previous packages. As we reduce to this level, there will be substantially less mail, processing, and banking work generated by the collections, audit and filing enforcement functions. In addition, with significantly fewer staff, there will be reduced need for infrastructure support in such areas as Human Resources, technical desktop assistance, and facilities.	5,385,856		574,223				\$	5,960,079	33	32.27	Eliminates some audit and appraiser resources along with infrastructure support staff. Would reduce the agency by one division with remaining personnel combined into surviving divisions. Cuts an Administrator and 2 Section Managers along with support staff. Also reduced is one IT development team. Cuts the printing of the Tax booklets, information would only be available on line. The department will attempt to provide core administrative functions for all remaining programs. General Fund Revenue Loss is \$6.4 million.	
3rd 10%											\$	-			
11	ASD	SB 5552	Reduction of Process Center and IT staff as part of the 2007-09 rebalance.	318,515		12,889						3	3.00	Eliminates 2 processing center staff and 1 IT staff as part of the 2007-09 rebalance in SB 5552. Impact is minimal due to increased electronic filing which has reduced the need for processing staff and the reorganization of the IT function.	
12	ERA	ERA	An additional 10% reduction to get to 30%. This will require the program to prorate payments based upon funds available.	750,000						\$	750,000			Recipients will receive approximately 82% of what they are eligible for. Impacts elderly who earn less than \$10,000 per year. GRB is reduced from the \$7.5 million EBL level to \$6.41 million.	
13	PTD	County Pass through	The department also passes through payments of \$5.3 million per biennium to the counties, in addition to distributions under the Assessment and Taxation Funding program. This pass-through began in the 1999-2001 biennium as a means to assist the counties in their property tax administration activities. A third 10% reduction is \$529,900.	529,900						\$	529,900			Reduction of County Pass through payments impacts local government's ability to administer the property tax system.	

14	ERA		ERA	Remaining 70% of the fund. Completely cuts the program.	5,250,000					\$ 5,250,000			Completely eliminates the program. Impacts elderly who earn less than \$10,000 per year.
15	PTD		County Pass through	The department also passes through payments of \$5.3 million per biennium to the counties, in addition to distributions under the Assessment and Taxation Funding program. This pass-through began in the 1999-2001 biennium as a means to assist the counties in their property tax administration activities. Completely eliminates the pass through.	3,709,640					\$ 3,709,640			Elimination of County Pass through payments impacts local government's ability to administer the property tax system.
16	PTD			Reduces the department's capacity to provide tax administration, appraisal, and collection services for local government. Eliminates all of the staff for the Timber program and the General Funded staff in Valuation, along with 2 cartographers in Mapping.	2,389,714		296,860			\$ 2,686,574	22	22.00	The elimination of the the balance of the GF Valuation staff (13) will result in a shift of property valuation from state responsibility to the counties at a time when counties are already under extreme funding pressure. The staff appraises complicated industrial properties; most counties do not currently have that expertise. The elimination of the Timber program will result in a revenue loss of \$1.4 million to local government and puts at risk the revenues (\$14.1 million) from the Forest Products Harvest Tax and (\$560K) from severance taxes. Requires statutory changes in both the Timber and Valuation programs.
17	PTAC			Further reduces Personal Income Tax compliance activity and telephone service to taxpayers. Attempts to maintain the basic infrastructure to administer these programs that generate General Fund dollars. Long term compliance would be compromised with these reductions. The department is not able to reduce these programs to this level without affecting the 2009-11 General Fund	7,231,696		147,533			\$ 7,379,229	63	62.75	It will severely impact voluntary compliance, reducing our filing enforcement and audit presence in the community and decreasing awareness of the risks of non-compliance. Closes the Lake Oswego Field Office and moves staff elsewhere. General Fund Revenue loss of \$51.3 million. Voluntary compliance will erode over time resulting in a negative impact of state revenues beyond the direct revenue loss stated here. Also impacts Education and Assistance activities.
18	BUS			Further reduces Corporation compliance activity. Attempts to maintain the basic infrastructure to administer these programs that generate General Fund dollars. Long term compliance would be compromised with these reductions. The department is not able to reduce these programs to this level without affecting the 2009-11 General Fund	1,344,067		235,141			\$ 1,579,208	13	12.00	It will severely impact corporate audits, reducing our audit presence in the community and decreasing awareness of the risks of non-compliance. General Fund Revenue loss of \$4.1 million. Voluntary compliance will erode over time resulting in a negative impact of state revenues beyond the direct revenue loss stated here. Also impacts Education and Assistance activities.
19	EXEC/ ASD			As we reduce to this level, there will be a need to fundamentally change our organization. This package eliminates the Deputy Director, Communications Manager, IT Operation's Manager, one Internal Auditor, and the Agency's Budget Manager along with additional infrastructure staff. The "ripple" effect within the department of the reductions taken in the previous packages. As we reduce to this level, there will be substantially	3,513,367		358,203			\$ 3,871,570	40	27.13	This package eliminates the Deputy Director, Communications Manager, one Internal Auditor, and the Agency's Budget Manager along with additional infrastructure staff. The ability to accomplish core administrative functions will be greatly impacted. In addition, with significantly fewer staff, there will be reduced need for space. Eliminates 7 IT staff including the IT Operation's Manager. Staffing in the Processing Center and the Information Transcription Unit will be reduced by 25. Impact is likely to have longer wait times for return processing and distribution of refunds.
					57,051,705	-	5,857,281	-	-	\$ 62,577,582	376	359.79	

Essential Budget Level \$ 161,014,987
30% \$ 48,304,496