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The Oregon Legislature and the Oregon Department of Revenue Bring Some New Year Cheer to the State's Taxpayers and Tax Community - The Office of the Taxpayer Advocate Is Here to Help

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The Oregon Legislature, in House Bill 3373, created the Office of the Taxpayer Advocate within the Oregon Department of Revenue. The new law became effective on September 25, 2021. According to the Oregon Department of Revenue website, the office is open and "here to help."

The mission of the Office of the Taxpayer Advocate is threefold:

1. To assist taxpayers in obtaining "easily understandable" information about tax matters, department policies and procedures, including audits, collections and appeals;
2. To answer questions of taxpayers or their tax professionals about preparing and filing returns; and
3. To assist taxpayers and their tax professionals in locating documents filed with the department or payments made to the department.

House Bill 3373 also states that the Office of the Taxpayer Advocate may also (**but is not statutorily required**):

- Receive and evaluate complaints of "improper, abusive or inefficient service by employees of the department and recommend to the director" appropriate corrective action;
- Identify polices and practices of the department that may be hindering equitable treatment of taxpayers and recommend changes to the director;
- Provide "expeditious service" to taxpayers whose issues are not resolved through normal channels;
- Collaborate with the department to resolve complex and sensitive issues;
- Notify the director if the department is administering the law improperly;
- Participate in and represent taxpayer interests and concerns in planning meetings with the department;

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- Compile data about taxpayer complaints, including the number and types of complaints and actions taken to resolve the complaints and report the results to the legislature; and
- Survey taxpayers annually about the quality of department service.

In accordance with Section 3 of House Bill 3373, in extraordinary circumstances, the Office of the Taxpayer Advocate may issue an order to the department to cease any action, take any action or refrain from taking any action if it determines that a taxpayer is suffering from or about to suffer a "significant hardship."

Unfortunately, the new law does **not** clearly define the term "significant hardship." Rather, it states that "significant hardship" is any circumstance in which adverse action against a taxpayer by the department is **imminent**, the department has **failed to act** to resolve a reported problem with the account of a taxpayer **within 90 days**, or any other **conditions described by administrative rule** of the department as a significant hardship exist.

Any order issued under the "significant hardship" provision of the law is limited to providing taxpayer relief with respect to department policies or procedures. It cannot, however, address the merits of a taxpayer's liability, and its remedies cannot act as a substitute for existing review proceedings.

So, what exactly is a "significant hardship"? Also, how, if at all, will the Office of the Taxpayer Advocate use this provision of House Bill 3373? The answers to these questions are yet to be seen. It will be interesting to see how this area of the new law develops.

Ms. Codi Trudell will head the new Office of the Taxpayer Advocate. Per her LinkedIn profile, she is a 2003 graduate of Oregon State University with a bachelor's degree in political science and government. While it does not appear Ms. Trudell has any experience in accounting or tax matters, she does have almost 19 years of experience within Oregon governmental agencies.

The proof is in the pudding. The creation of the Office of the Taxpayer Advocate is a positive development for Oregon taxpayers and their tax professionals. The office is supposed to operate independently of the Oregon Department of Revenue. If that is the case, it should create a new outlet for taxpayers and their tax professionals to be heard in extraordinary circumstances needing attention. All in all, this development is good news for taxpayers, tax professionals and the department. The taxpayer advocate should add a taxpayer voice to decisions being made by the department relative to tax policies and procedures.

In accordance with the department's website, "[t]he Office of the Taxpayer Advocate is here to help." Its contact telephone number is: (503) 378-4988 or (800) 356-4222.

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