



# Oregon

Kate Brown, Governor

Department of Revenue  
955 Center St NE  
Salem, OR 97301-2555  
[www.oregon.gov/dor](http://www.oregon.gov/dor)

**DATE:** September 30, 2016  
**TO:** Interested Parties  
**SUBJECT:** Notice of Proposed Rulemaking

As shown in the enclosed notices, the Department of Revenue intends to amend administrative rules relating to interest rates, interest start dates, and interest periods. The proposed rules are posted on the department's website at <http://www.oregon.gov/DOR/about/Pages/rules.aspx>.

A public hearing is scheduled for 9:00 am to 11:00 am on Tuesday, November 22, 2016 in Salem. We will accept public comment at that time; however, you may also send comments to the rules coordinator by e-mail, fax, or telephone until November 22, 2016 at 5:00 pm.

If you wish to testify at the hearing you will need to register prior to the hearing. Registration begins at 8:45 am on November 22, 2016 in the Fishbowl conference room. Please contact the rules coordinator in advance to make alternative arrangements for registration if you are not able to do so at 8:45 am on the day of the hearing. The hearing will close at 9:15 am if no person registers to testify.

In compliance with the Americans with Disabilities Act, this information is available in alternative formats upon request. Please contact me if you have questions.

Lois Williams  
Administrative Rules Coordinator  
Director's Office  
Direct telephone: 503-945-8029  
E-mail: [Rulescoordinator.dor@oregon.gov](mailto:Rulescoordinator.dor@oregon.gov)  
FAX: 503-945-8290  
Enclosures: (2)

Notice of Proposed Rulemaking Hearing  
Statement of Need and Fiscal Impact

Note: Revenue recently renumbered all of its administrative rules to meet the requirements of the Secretary of State Archives Division's new Oregon Administrative Rules database. The new database should be active later this year, but the new rule numbers are effective as of September 1, 2016. You can match old rule numbers to new rule numbers using an index on the above website.

For questions about Revenue's administrative rules, email [rulescoordinator.dor@oregon.gov](mailto:rulescoordinator.dor@oregon.gov).  
For questions about Archives' new database, email Colleen Needham at [colleen.a.needham@state.or.us](mailto:colleen.a.needham@state.or.us) or Mary Beth Herkert at [mary.e.herkert@state.or.us](mailto:mary.e.herkert@state.or.us).

Secretary of State  
**NOTICE OF PROPOSED RULEMAKING HEARING\***  
A Statement of Need and Fiscal Impact accompanies this form

**FILED**  
9-8-16 2:35 PM  
ARCHIVES DIVISION  
SECRETARY OF STATE

Department of Revenue  
Agency and Division  
Lois Williams  
Rules Coordinator  
Department of Revenue, 955 Center St. NE, Salem, OR 97301  
Address

150  
Administrative Rules Chapter Number  
(503) 945-8029  
Telephone

**RULE CAPTION**

Interest rates, interest start dates, definition of interest period.

Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.

| Hearing Date | Time      | Location  | Hearings Officer |
|--------------|-----------|---|------------------|
| 11-22-16     | 9:00 a.m. | Revenue Bldg, Fishbowl Conf Rm, 955 Center St NE, Salem, OR 97301 | Joshua Lawson    |

**RULEMAKING ACTION**

Secure approval of rule numbers with the Administrative Rules Unit prior to filing.

**ADOPT:**

**AMEND:**

150-305-0140; 150-305-0142

**REPEAL:**

**RENUMBER:** Secure approval of new rule numbers with the Administrative Rules Unit prior to filing.

**AMEND AND RENUMBER:** Secure approval of new rule numbers with the Administrative Rules Unit prior to filing.

**Statutory Authority:**

ORS 305.100; 305.220

**Other Authority:**

**Statutes Implemented:**

ORS 305.220

**RULE SUMMARY**

150-305-0140 - Amend to update annual interest rate charged on deficiencies and delinquencies from 4% to 5% based on increase of IRS' 2016 third quarter interest rate, per ORS 305.220; clarify the definition of 'interest period'.

150-305-0142 - Amend to update annual interest rate paid on refunds from 4% to 5% based on increase of IRS' 2016 third quarter interest rate, per ORS 305.220; clarify the definition of 'interest period'; define the refund interest start dates for personal income taxes, corporation taxes (excise and income) and other tax programs.

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

11-22-2016 5:00 p.m.                      Lois Williams                      lois.j.williams@oregon.gov  
Last Day (m/d/yyyy) and Time              Rules Coordinator Name                      Email Address  
for public comment

\*The Oregon Bulletin is published on the 1st of each month and updates the rule text found in the Oregon Administrative Rules Compilation.

Secretary of State  
**STATEMENT OF NEED AND FISCAL IMPACT**  
A Notice of Proposed Rulemaking Hearing accompanies this form.

**FILED**  
9-8-16 2:35 PM  
ARCHIVES DIVISION  
SECRETARY OF STATE

Department of Revenue  
Agency and Division

150  
Administrative Rules Chapter Number

Interest rates, interest start dates, definition of interest period.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

150-305.0140; 150-305-0142

**Statutory Authority:**

ORS 305.100; 305.220

**Other Authority:**

**Statutes Implemented:**

ORS 305.220

**Need for the Rule(s):**

150-305-0140 - Amend to update annual interest rate charged on deficiencies and delinquencies from 4% to 5% based on increase of IRS' 2016 third quarter interest rate, per ORS 305.220; clarify the definition of 'interest period'.

150-305-0142 - Amend to update annual interest rate paid on refunds from 4% to 5% based on increase of IRS' 2016 third quarter interest rate, per ORS 305.220; clarify the definition of 'interest period'; define the refund interest start dates for personal income taxes, corporation taxes (excise and income) and other tax programs.

**Documents Relied Upon, and where they are available:**

IRS Revenue Ruling 2016-12 (<https://www.irs.gov/pub/irs-drop/rr-16-12.pdf>).

**Fiscal and Economic Impact:**

Interest paid to businesses and individuals requesting tax refunds will increase for interest periods beginning on or after January 1, 2017.  
Interest paid by businesses and individuals with outstanding liabilities will increase for interest periods beginning on or after January 1, 2017.

**Statement of Cost of Compliance:**

**1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):**

There is no impact to state agencies and a de minimis effect on the counties and the public. These changes tend to be clarifying in nature and do not affect the cost.

**2. Cost of compliance effect on small business (ORS 183.336):**

**a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:**

Oregon has approximately 123,000 small businesses with fewer than 250 employees that employ 81% of the state's workforce. Oregon has approximately 105,646 small businesses with fewer than 100 employees. Based on this information and information from tax returns reporting number of employees, we estimate Oregon has approximately 91,848 number of small businesses with fewer than 50 employees who are subject to this rule.

Oregon Small Business Development Center Network ([www.bizcenter.org/about/our-impact/](http://www.bizcenter.org/about/our-impact/))

Business Oregon ([www.oregon4biz.com/assets/docs/DataPacket09.pdf](http://www.oregon4biz.com/assets/docs/DataPacket09.pdf))

Oregon Department of Revenue Research Section, 10/14/13, Wage file extract - 2012 tax year

**b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:**

There is a de minimus effect on those subject to the rules as these changes tend to be clarifying or interpretive in nature and does not affect projected reporting, recordkeeping or other administrative activities or costs.

**c. Equipment, supplies, labor and increased administration required for compliance:**

None known.

We communicate with and are working with small business liaison groups such as the Oregon State Bar Tax Section and the Oregon Society of Certified Public Accountants to obtain their input into how these rules will impact their clients, some of whom are small businesses.

**Administrative Rule Advisory Committee consulted?: No**

**If not, why?:**

The determination of interest to be paid and charged by the department is a matter of mathematical calculation outlined in ORS 305.220. The department lacks authority to set interest rates other than as provided in law. The department is directed to announce interest rate changes by publishing rate changes in administrative rule.

|  |               |                            |
|--|---------------|----------------------------|
| 11-22-2016 5:00 p.m.                               | Lois Williams | lois.j.williams@oregon.gov |
| Last Day (m/d/yyyy) and Time<br>for public comment | Printed Name  | Email Address              |