

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: SB 1569 - 1

81st Oregon Legislative Assembly – 2022 Regular Session  
Legislative Fiscal Office**Only Impacts on Original or Engrossed  
Versions are Considered Official**Prepared by: Michael Graham  
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Date: February 6, 2022**Measure Description:**

Directs Department of Revenue to develop schedule allowing personal income taxpayers to voluntarily report taxpayers' self-identified race and ethnicity identifiers.

**Government Unit(s) Affected:**

Department of Revenue (DOR), Legislative Revenue Office (LRO), Department of Administrative Services (DAS)

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	2021-23 Biennium	2023-25 Biennium
<b>Department of Revenue (DOR)</b>		
General Fund		
Personal Services	385,303	249,692
Services and Supplies	93,601	27,901
Capital Outlay	7,168	
<b>Total General Fund</b>	<b>\$486,072</b>	<b>\$277,593</b>
Other Funds		
Personal Services	7,863	5,095
Services and Supplies	1,911	569
Capital Outlay	146	
<b>Total Other Funds</b>	<b>\$9,920</b>	<b>\$5,664</b>
<b>TOTAL FISCAL IMPACT</b>	<b>\$495,992</b>	<b>\$283,257</b>
Positions	8	3
FTE	2.62	1.30

**Analysis:**

Senate Bill 1569, as modified by the -1 amendments, requires the Department of Revenue (DOR) to create a schedule and instructions for taxpayers to voluntarily self-report their race and ethnicity. The schedule must have a detailed list of demographic racial and ethnic data categories. Any data collected by DOR must be maintained and stored separately from other information provided on a Personal Income Tax (PIT) return, will only be accessible to certain authorized staff, and will be used for research purposes only. The measure directs DOR to have a process in place for taxpayers to complete the schedule, who have no tax filing requirement or choose not to file the schedule with their PIT return. DOR must report annually on the status of the development and implementation of the data collection and the use of the data to a legislative committee on information management and technology. The measure applies beginning with tax year 2022 and takes effect 91 days after adjournment *sine die*.

**Department of Revenue**

The measure is anticipated to have a fiscal impact on DOR's Personal Income Tax and Compliance (PTAC) Division. To implement the measure, PTAC anticipates needing to hire eight positions (2.62 FTE) in 2021-23 and three positions (1.30 FTE) in 2023-25. These positions include a limited duration Operations and Policy Analyst (OPA) 3,

a limited duration OPA 2, a seasonal Data Entry Operator, a limited duration Information Systems Specialist 7, three limited duration Public Service Representative 3, and a permanent full-time Research Analyst 3. In 2021-23, the ISS and OPAs will conduct programming and testing to set up the new form and make the information available in GenTax. Once complete, PTAC will hire a data entry operator to process the forms, processing center staff to respond to inquiries from the public, and a research analyst (0.50 FTE in 2021-23, 1.00 FTE in 2023-25) to support the development of racial impact statements, analyze proposed administrative rules and budget requests, and respond to legislative requests.

Funding for the additional staff would be split between 98% General Fund and 2% Other Funds, which aligns with the funding split for the PTAC program. The 2% Other Funds comes from any of the almost 40 revenue streams available to DOR. DOR would need a General Fund appropriation to provide the rest of the funding for these new positions. The estimated fiscal impact to PTAC is \$495,992 total funds in 2021-23, which includes \$486,072 General Fund, and \$283,257 total funds in 2023-25, which includes \$277,593 General Fund.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to DOR's budget and the state General Fund.

**Legislative Revenue Office and Department of Administrative Services**

The measure is anticipated to have a minimal fiscal impact on the Legislative Revenue Office and Department of Administrative Services.