

Senate Bill 1569

Sponsored by Senators WAGNER, JAMA, Representative SMITH G, Senator MANNING JR, Representatives NERON, PHAM, VALDERRAMA; Senators DEMBROW, FREDERICK, GORSEK, LAWRENCE SPENCE, PATTERSON, Representatives ALONSO LEON, CAMPOS, DEXTER, GRAYBER, HELM, HUDSON, KROPF, MCLAIN, POWER, PRUSAK, RUIZ, SCHOUTEN, WILLIAMS (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Directs Department of Revenue to develop schedule allowing personal income taxpayers to voluntarily report taxpayers' self-identified race and ethnicity identifiers. Requires restricted access to collected data. Prohibits access to data by department collection and audit staff or by Internal Revenue Service. Prohibits commercial use of data. Directs department to report on development and implementation of data collection schedule to appropriate committee or interim committee of Legislative Assembly related to information management and technology.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to data collected by the Department of Revenue; and prescribing an effective date.

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

4 **SECTION 1. Section 2 of this 2022 Act is added to and made a part of ORS chapter 316.**

5 **SECTION 2. (1) The Department of Revenue shall attach to the returns required to be**
6 **filed under this chapter a schedule that allows taxpayers to provide to the department, at**
7 **the time of filing the return and on a voluntary basis, self-reported identification of the**
8 **taxpayer's race and ethnicity.**

9 **(2) The data collection schedule required under subsection (1) of this section must:**

10 **(a) Allow each taxpayer to select from the full list of demographic data categories of**
11 **racial or ethnic identity adopted as uniform standards by the Oregon Health Authority pur-**
12 **suant to ORS 413.161.**

13 **(b) Allow each individual listed on a return to select one primary identifier and as many**
14 **as two additional identifiers.**

15 **(c) Provide that individuals filing a joint return may each elect whether to indicate**
16 **identifiers on the schedule.**

17 **(d) Be accompanied by the statement that the collection of data is voluntary and self-**
18 **reported and that the department may not use the collected data for the purposes of audit,**
19 **collection or other enforcement activities.**

20 **(e) Be accompanied by a statement explaining the purpose of collecting data for use in**
21 **racial justice related analysis of revenue policy.**

22 **(f) Be optional to complete, but provide that individuals shall opt out of completion of the**
23 **schedule.**

24 **(3) The department shall establish policies and procedures to enable individuals who are**
25 **not required to file an income tax return under this chapter for a given tax year to elect to**
26 **complete the schedule provided under this section without filing a return.**

27 **SECTION 3. Sections 4 to 7 of this 2022 Act are added to and made a part of ORS chapter**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 305.

2 **SECTION 4.** (1) The Department of Revenue shall ensure that all data collected pursuant
 3 to section 2 of this 2022 Act is used only for the purposes described in section 2 of this 2022
 4 Act.

5 (2) The department shall maintain and store data collected pursuant to section 2 of this
 6 2022 Act separately from other information provided on tax returns filed under ORS chapter
 7 316, and the data shall be accessible only to the following:

8 (a) Research section staff of the department.

9 (b) Other department staff that are assigned to process the data and process or program
 10 the underlying systems for the data collection schedule, but only to the extent necessary for
 11 that purpose.

12 (c) The staff of the Legislative Revenue Office.

13 (d) The division of the Oregon Department of Administrative Services that serves as of-
 14 fice of economic analysis.

15 (3) Tax practitioners and tax preparation software vendors may use and retain data col-
 16 lected pursuant to section 2 of this 2022 Act only to the extent necessary to assist taxpayers
 17 in the filing of returns required under ORS chapter 316 and may not use the data, or allow
 18 it to be used, for any other reason, including for commercial purposes.

19 (4) Notwithstanding any intergovernmental reciprocal agreements entered into by the
 20 Department of Revenue, the department may not allow the Internal Revenue Service access
 21 to the data collected under section 2 of this 2022 Act.

22 **SECTION 5.** Not later than September 15 of each year, the Department of Revenue shall
 23 report, in the manner provided in ORS 192.245, on the status of the development and imple-
 24 mentation of the data collection schedule required under section 2 of this 2022 Act and on
 25 the use of the data collected, to an appropriate committee or interim committee of the
 26 Legislative Assembly related to information management and technology. The report re-
 27 quired by this section shall include an update of the effectiveness of measures undertaken
 28 by the department to ensure data security. The report shall address the prevention of any
 29 sharing of data collected pursuant to section 2 of this 2022 Act:

30 (1) Within the department, between research staff and audit and collection staff.

31 (2) Between the department and the Internal Revenue Service.

32 (3) Between tax practitioners and commercial interests.

33 (4) Between tax preparation software vendors and commercial interests.

34 **SECTION 6.** The Department of Revenue shall use data collected on the data collection
 35 schedule required under section 2 of this 2022 Act, in aggregated and anonymized form, to:

36 (1) Develop racial impact statements;

37 (2) Perform analysis of proposed administrative rules and budget requests; and

38 (3) Respond to requests for information from the Legislative Assembly.

39 **SECTION 7.** (1) The Department of Revenue shall first attach the data collection schedule
 40 required under section 2 of this 2022 Act to income tax returns filed for the 2022 tax year.

41 (2) The department shall develop programming and forms for the implementation of the
 42 schedule and, by rule, shall adopt policies and procedures for the implementation of the use
 43 of the schedule.

44 **SECTION 8.** This 2022 Act takes effect on the 91st day after the date on which the 2022
 45 regular session of the Eighty-first Legislative Assembly adjourns sine die.

