

SB 1 -2 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 1/31, 4/3, 4/3

WHAT THE MEASURE DOES:

Requires the Department of Revenue to enable personal income taxpayers to voluntarily report their self-identified race and ethnicity using the standards adopted by the Oregon Health Authority pursuant to ORS 413.161. Requires race and ethnicity data to be first collected beginning with tax year 2023. Requires data collected to be used for development of racial impact statements, analysis of proposed administrative rules and budget requests, and in response to requests from the Legislative Assembly. Requires data to be aggregated and anonymized if included in a report or other output. Limits data access to the Department of Revenue's Research Section and processing staff, the Legislative Revenue Office, and the Oregon Office of Economic Analysis. Limits the use of the data by tax professionals to the preparation and filing of tax returns. Requires the Department of Revenue to annually report on the development and implementation of the data collection and sharing to the Legislature beginning in 2024. Takes effect on the 91st day following sine die.

ISSUES DISCUSSED:

- No other states have enacted a similar policy
- Racial Impact Statement, data use for such purposes
- How race/ethnicity would be reported when filing tax return
- Suggested modifications from Department of Revenue
- Tax software companies
- Potential access to the race/ethnicity data
- Data use in regards to Racial Impact Statements
- Potential fiscal impact.

EFFECT OF AMENDMENT:

-2 Requires Department of Revenue to maintain records sufficient to verify department personnel having access to race and ethnicity data. Clarifies that data collected and reported is to be presented only in aggregated and anonymized form when used in a report or other output by Department of Revenue, Legislative Revenue Office or Office of Economic Analysis. Requires race and ethnicity data to be first collected beginning with tax year 2024.

BACKGROUND:

Under current law, tax returns do not include race or ethnicity data. Tax policy analysis across such demographic groups is generally limited to a reliance on Census data and statistical matching techniques. Depending on the qualitative results of the proposed voluntary reporting, a direct analysis of tax return data using this demographic information may be undertaken.