

**SB 1 A BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

**Prepared By:** Wendy Gibson, Department of Administrative Services

**Reviewed By:** Michael Graham, Legislative Fiscal Office

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**Department of Revenue  
2023-25**

PRELIMINARY

## Budget Summary

	2021-23 Legislatively Approved Budget	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
<b>Department of Revenue</b>					
General Fund	\$ -	\$ -	\$ 470,724	\$ 470,724	100.0%
Other Funds Limited	\$ -	\$ -	\$ 28,209	\$ 28,209	100.0%
<b>Total</b>	\$ -	\$ -	\$ 498,933	\$ 498,933	100.0%

## Position Summary

### Department of Revenue

Authorized Positions	0	0	3	3
Full-time Equivalent (FTE) positions	0.00	0.00	1.42	1.42

## Summary of Revenue Changes

Senate Bill 1 appropriates \$470,724 General Fund to the Department of Revenue (DOR) to implement the collection of self-identified race and ethnicity data on personal income tax returns. DOR's primary source of Other Funds to pay for the cost of administering its tax portfolio is from tax collections. Proceeds from these taxes are transferred to state agencies or local governments after deducting the costs of administration.

## Summary of Public Safety Subcommittee Action

Senate Bill 1 directs DOR to create a schedule within the personal income tax return for taxpayers to report race and ethnicity information voluntarily. The schedule must detail a complete list of demographic categories related to racial and ethnic identity, in alignment with the Oregon Health Authority's adopted uniform standards. The schedule also must allow taxpayers to identify a primary identifier and up to two additional identifiers.

The measure includes several data privacy restrictions to manage the use and security of the collected information throughout the data lifecycle. These limitations include the following:

- *Allowable use.* The permissible use of the collected information is limited to the analysis of revenue policy, development of racial impact statements, analysis of proposed administrative rules and budget requests, and response to requests from the Legislative Assembly.

- *Data storage and access.* DOR is required to maintain and store the collected data separate from the other information provided on the return and directed to restrict access to the information to only DOR's research and processing staff, along with personnel in the Office of Economic Analysis and the Legislative Revenue Office. DOR must also maintain records of all agency personnel with access to the race and ethnicity data.
- *Data reporting.* The measure requires all output information, including reports, to be presented only in aggregated and anonymized form.

DOR is directed to implement the new tax return schedule starting with the 2024 tax year. Additionally, DOR is required to report annually to the Legislature, beginning in 2024, on the development and implementation of the data collection.

To carry out the provisions of this measure, the Subcommittee recommended a budget increase for DOR of \$498,933 total funds, which includes \$470,724 General Fund and \$28,209 Other Funds expenditure limitation. The recommendation includes \$164,842 General Fund and \$11,460 Other Funds expenditure limitation for development, configuration, and testing of the programming changes required in DOR's tax IT systems: GenTax and Quick Modules. The remaining funding supports the establishment of three positions (1.42 FTE) to implement the new tax form schedule, including:

- One permanent, full-time Public Service Representative 3 position (0.29 FTE) to respond to taxpayer inquiries, phone calls, and correspondence;
- One permanent, full-time Research Analyst 3 position (0.25 FTE) to research and prepare the data for analysis, develop racial impact statements, propose program rules, and draft budget requests; and
- One limited duration, full-time Operations and Policy Analyst 3 position (0.88 FTE) to oversee and develop this program prior to January 2025, when taxpayers begin filing their 2024 tax returns.

PRELIMINARY

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

Department of Revenue  
Wendy Gibson -- 971-900-9992

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>SUBCOMMITTEE ADJUSTMENTS</b>									
<b>SCR 003 - Administration</b>									
Personal Services	\$ 39,771	\$ -	\$ 9,943	\$ -	\$ -	\$ -	49,714	1	0.25
Services and Supplies	\$ 6,453	\$ -	\$ 449	\$ -	\$ -	\$ -	6,902		
<b>SCR 005 - Personal Tax and Compliance Division</b>									
Personal Services	\$ 238,103	\$ -	\$ 4,859	\$ -	\$ -	\$ -	242,962	2	1.17
Services and Supplies	\$ 21,555	\$ -	\$ 1,498	\$ -	\$ -	\$ -	23,053		
<b>SCR 009 - Information Technology Services Division</b>									
Services and Supplies	\$ 164,842	\$ -	\$ 11,460	\$ -	\$ -	\$ -	176,302		
TOTAL ADJUSTMENTS	\$ 470,724	\$ -	\$ 28,209	\$ -	\$ -	\$ -	498,933	3	1.42
SUBCOMMITTEE RECOMMENDATION	\$ 470,724	\$ -	\$ 28,209	\$ -	\$ -	\$ -	498,933	3	1.42

PRELIMINARY