

B-Engrossed Senate Bill 1

Ordered by the Senate June 12
Including Senate Amendments dated April 11 and June 12

Sponsored by Senator WAGNER; Senators CAMPOS, DEMBROW, JAMA, PATTERSON, Representative PHAM K
(Presession 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.

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 use of data by tax practitioners and tax preparation software vendors for purposes other than preparing and filing of returns.

Directs department to report annually, beginning in 2024, on development and implementation of data collection schedule to appropriate committee or interim committee of Legislative Assembly related to information management and technology. Sunsets reporting requirement on January 2, 2029.

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 2023 Act is added to and made a part of ORS chapter 316.**

5 **SECTION 2. (1) The Department of Revenue shall attach to personal income tax returns**
6 **required to be filed under this chapter a schedule that allows taxpayers to provide to the**
7 **department, at the time of filing the return and on a voluntary basis, self-reported identifi-**
8 **cation of the 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 **analysis of revenue policy.**

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

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

4 **SECTION 3.** Sections 4 to 8 of this 2023 Act are added to and made a part of ORS chapter
5 305.

6 **SECTION 4.** (1) The Department of Revenue shall:

7 (a) Ensure that all data collected pursuant to section 2 of this 2023 Act is used only for
8 the purposes described in sections 2 and 7 of this 2023 Act.

9 (b) Maintain and store data collected pursuant to section 2 of this 2023 Act separately
10 from other information provided on tax returns filed under ORS chapter 316, and provide
11 that the data is accessible only to the following:

12 (A) Research section staff of the department.

13 (B) Other department staff that are assigned to process the data and process or program
14 the underlying systems for the data collection schedule, but only to the extent necessary for
15 that purpose.

16 (C) The staff of the Legislative Revenue Office.

17 (D) The division of the Oregon Department of Administrative Services that serves as of-
18 fice of economic analysis.

19 (c) Maintain records sufficient to verify that Department of Revenue personnel having
20 access to data collected pursuant to section 2 of this 2023 Act are limited to those personnel
21 listed in paragraph (b)(A) and (B) of this subsection and sufficient to ensure compliance with
22 this subsection.

23 (2) Tax practitioners and tax preparation software vendors may use and retain data col-
24 lected pursuant to section 2 of this 2023 Act only to the extent necessary to assist taxpayers
25 in the preparing and filing of returns required under ORS chapter 316 and may not use the
26 data, or allow it to be used, for any other reason.

27 (3) Notwithstanding any intergovernmental reciprocal agreements entered into by the
28 Department of Revenue, the department may not allow the Internal Revenue Service access
29 to the data collected under section 2 of this 2023 Act.

30 **SECTION 5.** Not later than September 15 of each year, beginning in 2024, the Department
31 of Revenue shall report, in the manner provided in ORS 192.245, on the status of the devel-
32 opment and implementation of the data collection schedule required under section 2 of this
33 2023 Act and on the use of the data collected, to an appropriate committee or interim com-
34 mittee of the Legislative Assembly related to information management and technology. The
35 report required by this section shall include an update of the effectiveness of measures
36 undertaken by the department to ensure data security. The report shall address the pre-
37 vention of any sharing of data collected pursuant to section 2 of this 2023 Act:

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

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

40 (3) Between tax practitioners and commercial interests.

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

42 **SECTION 6.** Section 5 of this 2023 Act is repealed on January 2, 2029.

43 **SECTION 7.** (1) The Department of Revenue shall use data collected on the data col-
44 lection schedule required under section 2 of this 2023 Act to the extent feasible, to inform:

45 (a) The development of racial impact statements;

1 (b) The analysis of proposed administrative rules and budget requests; and

2 (c) The response by the department to certain requests for information from the Legis-
3 lative Assembly.

4 (2) If the Department of Revenue, the Legislative Revenue Officer or the Oregon De-
5 partment of Administrative Services includes data collected under section 2 of this 2023 Act
6 in a report or as other output, the data shall be presented only in aggregated and anonymized
7 form.

8 **SECTION 8.** (1) The Department of Revenue shall first attach the data collection schedule
9 required under section 2 of this 2023 Act to income tax returns filed for the 2024 tax year.

10 (2) The department shall develop programming and forms for the implementation of the
11 schedule and, by rule, shall adopt policies and procedures for the implementation of the use
12 of the schedule.

13 **SECTION 9.** (1) Notwithstanding any other provision of law, the General Fund appropri-
14 ation made to the Department of Revenue by section 1 (3), chapter __, Oregon Laws 2023
15 (Enrolled House Bill 5034), for the biennium beginning July 1, 2023, for the Personal Tax and
16 Compliance Division, is increased by \$259,658, for developing a schedule allowing personal
17 income taxpayers to voluntarily report self-identified race and ethnicity identifiers.

18 (2) Notwithstanding any other provision of law, the General Fund appropriation made to
19 the Department of Revenue by section 1 (6), chapter __, Oregon Laws 2023 (Enrolled House
20 Bill 5034), for the biennium beginning July 1, 2023, for the Information Technology Services
21 Division, is increased by \$164,842, for developing and maintaining data collection of self-
22 identified race and ethnicity identifiers.

23 (3) Notwithstanding any other provision of law, the General Fund appropriation made to
24 the Department of Revenue by section 1 (1), chapter __, Oregon Laws 2023 (Enrolled House
25 Bill 5034), for the biennium beginning July 1, 2023, for administration, is increased by \$46,224,
26 for the research and development of racial impact statements.

27 **SECTION 10.** (1) Notwithstanding any other law limiting expenditures, the limitation on
28 expenditures established by section 2 (3), chapter __, Oregon Laws 2023 (Enrolled House Bill
29 5034), for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses
30 from fees, moneys or other revenues, including Miscellaneous Receipts and reimbursements
31 from federal service agreements, but excluding lottery funds and federal funds not described
32 in section 2, chapter __, Oregon Laws 2023 (Enrolled House Bill 5034), collected or received
33 by the Department of Revenue, for the Personal Tax and Compliance Division, is increased
34 by \$6,357, for developing a schedule allowing personal income taxpayers to voluntarily report
35 self-identified race and ethnicity identifiers.

36 (2) Notwithstanding any other law limiting expenditures, the limitation on expenditures
37 established by section 2 (7), chapter __, Oregon Laws 2023 (Enrolled House Bill 5034), for the
38 biennium beginning July 1, 2023, as the maximum limit for payment of expenses from fees,
39 moneys or other revenues, including Miscellaneous Receipts and reimbursements from fed-
40 eral service agreements, but excluding lottery funds and federal funds not described in sec-
41 tion 2, chapter __, Oregon Laws 2023 (Enrolled House Bill 5034), collected or received by the
42 Department of Revenue, for the Information Technology Services Division, is increased by
43 \$11,460, for developing and maintaining data collection of self-identified race and ethnicity
44 identifiers.

45 (3) Notwithstanding any other law limiting expenditures, the limitation on expenditures

1 established by section 2 (1), chapter __, Oregon Laws 2023 (Enrolled House Bill 5034), for the
2 biennium beginning July 1, 2023, as the maximum limit for payment of expenses from fees,
3 moneys or other revenues, including Miscellaneous Receipts and reimbursements from fed-
4 eral service agreements, but excluding lottery funds and federal funds not described in sec-
5 tion 2, chapter __, Oregon Laws 2023 (Enrolled House Bill 5034), collected or received by the
6 Department of Revenue, for administration, is increased by \$10,392, for the research and
7 development of racial impact statements.

8 SECTION 11. This 2023 Act takes effect on the 91st day after the date on which the 2023
9 regular session of the Eighty-second Legislative Assembly adjourns sine die.

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