

HB 2084 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Jonathan Hart, Economist

Meeting Dates: 1/23

WHAT THE MEASURE DOES:

Requires state agencies to have contractors demonstrate compliance with Oregon personal and corporate income tax laws before entering into a contract and during implementation of the contract. Allows Department of Revenue (DOR) to share contractors' compliance status and provides provisions that DOR may use to determine compliance status. Allows agencies to cancel contracts if DOR determines a contractor has not demonstrated or maintained tax compliance. Repeals ORS 279B.045 which requires contractor self-certification of tax compliance. Applies to procurements that are advertised on or after January 1, 2026, or entered into on or after that date if the procurement is not advertised. Takes effect on the 91st day after sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The process that state agencies follow when procuring goods and services is governed by statute, agency policy, and agency administrative rules. In most cases, agencies, boards, and commissions are required to follow the policies and administrative rules adopted by the Department of Administrative Services (DAS).

Under the Public Contracting Code (Chapters 279A, 279B, and 279C) subject agencies are currently required to determine that contractors comply with Oregon tax laws by having contractors self-certify compliance status and promise to continue to comply (ORS 279B.045). HB 2084 replaces that requirement with a verification of tax compliance by the Department of Revenue (DOR) prior to entering into the contract, and periodically during the term of the contract. The bill also adds criteria that DOR may consider when determining compliance.

The requirements in HB 2084 would be in addition to existing requirements. ORS 305.385 (6) requires contractors to certify tax compliance before entering contracts with providers that directly provide goods, services, or real estate to the agencies. The Oregon Accounting Manual (OAM 35.30.90.102) includes a policy referred to as the "vendor offset program" or "vendor coordination" that the state will make reasonable efforts to collect state agency accounts receivable (if assigned to Department of Revenue for collection) by reducing payments to vendors to apply to the delinquent debt.