

SB 800 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 1/27

WHAT THE MEASURE DOES:

Expands provisions requiring tax compliance before subject state agencies can enter into a contract with a person or business, or issue or renew an occupational license or license to participate in certain businesses. Adds owners of entities with license or state contract to the group that must demonstrate tax compliance. Requires owners, license holders, or license applicants to obtain a tax compliance certificate from the Department of Revenue (DOR) prior to license issuance or renewal if tax compliance for holders of that type of license is below average, unless the compliance rate has exceeded 95 percent for 5 consecutive years. Allows DOR to impose a fee on any licensee subject to license suspension to recover legal costs related to the suspension. Provides terms for agreements following a license suspension for DOR to issue provisional certificates of compliance, and for appeals. Increases threshold for tax compliance requirement for contracts from \$1,000 to \$10,000. Allows DOR to share information about Oregon State Bar member that fails to withhold, collect, or remit taxes due from an employee or from a business that the person has ownership in. Applies to license issuance and renewal and to contracts entered into on or after January 1, 2026.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Currently, state agencies that issue professional licenses required for specific occupations or to participate in certain businesses are required to provide a list of those licenses with information identifying the person or business that holds the license to the Department of Revenue (DOR). If DOR finds that the license holder is not in compliance with tax laws, the Department can request that the licensing agency not renew, or suspend the person's license until the person receives a certificate from DOR showing that they are in compliance (which may include an installment agreement to pay outstanding tax debt).

In addition, agencies are currently required to have contractors that provide goods or services valued over \$1,000 directly to the agency self-certify that they are in compliance with Oregon tax laws (ORS 305.385(6))

SB 800 adds owners of licensees and contractors to existing provisions requiring tax compliance for covered government contracts and for license issuance. SB 800 also expands the tax compliance requirements for issuance and renewal of state licenses to require license applicants to provide a certificate of tax compliance issued by DOR in most cases, and allows DOR to pass on legal costs related to license suspension on to the licensee. The measure expands the ability for DOR to share information with the Oregon State Bar when members fail to withhold or pay various taxes on behalf of their employees or businesses.

The contracting provisions in SB 800 would be in addition to requirements in the Public Contracting Code (ORS Chapters 279A, 279B, and 279C) that require subject agencies to determine that contractors comply with Oregon tax laws by having contractors self-certify compliance status and promise to continue to comply.