

## **HB 2084 -3, -5 STAFF MEASURE SUMMARY**

### **House Committee On Revenue**

---

**Prepared By:** Jonathan Hart, Economist

**Meeting Dates:** 1/23, 5/29, 6/3

---

#### **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:**

- Frequency of periodic review of tax compliance
- Verification process
- Effect on tax compliance
- Complexity of relationships between businesses and owners
- Specific examples of contractors with tax debt

#### **EFFECT OF AMENDMENT:**

-3 Replaces the bill.

Makes requirement that agencies that issue or renew professional licenses supply lists of license holders to the Department of Revenue (DOR) upon request elective for local governments. Converts annual provision of lists of agency contractors to DOR from request-based to mandatory. Changes requirement of tax compliance for agency contractors from self-certification to a certification by DOR. Raises the threshold for contracts subject to tax compliance requirement from over \$1,000 to over \$25,000. Requires DOR to issue tax compliance certificates to provider and each owner within 30 days after requested if they are not in violation of specified tax laws. Applies licensee reporting and contractor tax compliance provisions starting January 1, 2026. Requires Secretary of State to study methods to ensure the Corporation Division business registry is reliable and sufficient and collected and maintained in a manner most effective to ensure tax compliance. Requires submission of preliminary report by December 31, 2025 and a final report during the 2026 legislative session. Takes effect on the 91st day after sine die.

-5 Replaces the bill.

Changes requirement of tax compliance for state agency contractors from self-certification to a certification by the Department of Revenue (DOR) for contracts valued over \$25,000. Maintains self-certification of contractors for contracts valued between \$1,000 and \$25,000. Requires DOR to issue tax compliance certificates to provider and each owner within 30 days after requested if they are not in violation of specified tax laws. Applies agency contractor tax compliance provisions starting January 1, 2026. Requires Secretary of State to study methods to ensure the Corporation Division business registry is reliable and sufficient and collected and maintained in a manner most effective to ensure tax compliance. Requires submission of preliminary report by December 31, 2025 and a final report during the 2026 legislative session. Takes effect on the 91st day after sine die.

#### **BACKGROUND:**

---

*This summary has not been adopted or officially endorsed by action of the committee.*

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 adds that contracting agencies are required to determine tax compliance in consultation with the Department of Revenue (DOR) and local government where work will be performed prior to entering into the contract, and periodically during the term of the contract. The bill allows DOR to disclose contractor compliance status with agencies or local governments and provides some criteria that DOR may consider when determining compliance.

The requirements in the introduced version of 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.