REVENUE IMPACT OF PROPOSED LEGISLATION

83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

Bill Number:	**HB 2084 - 5**
Revenue Area:	**Tax Collections**
Economist:	**Jonathan Hart**
Date:	**6/3/2025**

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

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 starting January 1, 2026.

Revenue Impact:

The bill does not create new tax liabilities, it allows taxpayers to demonstrate compliance through flexible payment plans that occur over multiple years, it shifts some payments forward in time, and it will disqualify some businesses from state contracts. Together, these factors combine so that the bill's direct revenue impact on each affected tax program is expected to be minimal.

The primary policy in the bill that would impact revenue is the requirement for state contractors to obtain a certificate of tax compliance from the Department of Revenue (DOR) for contracts over $25,000. Importantly, the bill does not increase any taxpayer's tax liability and does not require immediate full payment of tax due to obtain a certificate.

The criteria for DOR issuing a certificate of tax compliance are provided in Oregon Administrative Rule 150-305-0604. In brief, DOR describes the rule as requiring the taxpayer to have filed all required tax returns for the past three years, and if they are not exempt from collections, they must have paid any outstanding balance or entered an approved payment plan. Payment plans are available for terms up to 36 months.

Generally, taxpayers that have tax debt make payments toward that debt when they have the means to do so. While there are examples of taxpayers that take unusual steps to avoid payment, the state has extensive tools to collect tax debt when taxpayers do not voluntarily pay.

For example, DOR can apply a debtor's tax refund to outstanding debt, garnish a person's wages or business payments, and it can place liens on property to ensure payment of tax debt. Starting in July 2023, the department has also published a delinquent taxpayer list with the names of taxpayers that owe at least $50,000 of unresolved tax debt.

The policy in HB 2084 is closely related to the "vendor coordination program," which has had about $700,000 of collections attributed to the program annually since its launch in 2018. Under this program, DOR provides a list of debtors to the Department of Administrative Services. If businesses on that list are contracting with the state, payments that would go to the business can instead be sent to DOR and used to pay outstanding debt.

Implementing HB 2084 creates an incentive for businesses and their owners to stay current on their taxes and may prompt some to make payments. While many of these payments likely would have occurred eventually—either voluntarily or through enforcement efforts—the new requirements may accelerate their timing. As a result, payments made to obtain a tax compliance certificate may reflect a reclassification of revenue—shifting attribution from existing revenue streams and enforcement programs to the new policy—rather than a true increase in total tax collections. Because of the overlapping nature of payments and collection methods, it is problematic to attribute collected amounts solely to any one policy.

There will also be cases where businesses are disqualified from state contracts because they are unable to obtain a certificate of tax compliance. This is expected to be rare but will reduce tax payments in some cases. For example, a disqualified business would not be subject to offset through the vendor coordination program.

Creates, Extends, or Expands Tax Expenditure: Yes ☐ No ☒