

House Bill 3745

Sponsored by Representative DRAZAN

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 **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act provides that tax debt is canceled after 10 years. (Flesch Readability Score: 80.3).

Provides for the cancellation, after 10 years, of uncollected tax debt, penalties and interest.
Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to statutes of limitations for tax debt; creating new provisions; amending ORS 305.155; and
3 prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 305.155 is amended to read:

6 305.155. (1) The Department of Revenue shall cancel an unpaid tax imposed by laws of the State
7 of Oregon that is collected by the department, including any penalty or interest applicable to the
8 tax, if the department determines that:

- 9 (a) The tax has been delinquent for seven or more years;
10 (b) All reasonable efforts have been made to effect collection;
11 (c) The taxpayer cannot be located or is dead; and
12 (d) The tax is wholly uncollectible.

13 (2) The department shall offer to suspend collection of an unpaid tax imposed by laws of the
14 State of Oregon that is collected by the department, including any penalty or interest applicable to
15 the tax, if the department determines that the individual liable for the debt:

- 16 (a) Has income that does not exceed 200 percent of the federal poverty guidelines based on the
17 individual's household size and household members;
18 (b) Has less than \$5,000 in assets; and
19 (c) Has income solely from a source that is exempt from garnishment under ORS chapter 18.

20 (3) The department may cancel any tax imposed by laws of the State of Oregon that is collected
21 by the department or any portion of the tax assessed against a person, including any penalty and
22 interest that has not been collected, if the department determines that the administration and col-
23 lection costs involved would exceed the amount that can reasonably be expected to be recovered.

24 (4) When taxes are canceled under subsection (1) or (3) of this section, the department shall
25 make an order canceling the tax, penalties and interest. The order shall be filed in the records of
26 the department. Upon making the order, the department also shall cause to be canceled or released
27 any lien of record of the tax, penalties and interest in the counties that may have been filed and
28 entered therein.

29 (5) When collection of taxes is suspended under subsection (2) of this section:

- 30 (a) The department shall continue to charge interest on the taxes for which collection has been

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 suspended.

2 (b) The taxpayer may make voluntary payments of unpaid tax. Voluntary payment of unpaid tax
3 under this subsection does not affect the taxpayer's eligibility for suspension of collection under this
4 section or allow the department to resume collection of any unpaid tax.

5 (c) The department may file a lien against the taxpayer's property.

6 (d) The department may resume collection as described in subsection (7) of this section if the
7 taxpayer incurs additional unpaid tax during the period of suspended collection.

8 (6) Nothing in this section limits the department's authority to offset state or federal payments,
9 including tax refunds, against unpaid taxes that have been suspended under subsection (2) of this
10 section.

11 (7)(a) When collection of taxes is suspended under subsection (2) of this section, the department
12 shall review annually the taxpayer's eligibility for suspension of collection activities and ensure that
13 the taxpayer continues to meet all requirements listed in subsection (2) of this section.

14 (b) If the department determines that a taxpayer no longer meets the requirements listed in
15 subsection (2) of this section, the department may resume collection of any unpaid tax. Not less than
16 30 days before the department resumes collection under this subsection, the department shall pro-
17 vide written notice to the taxpayer that the taxpayer no longer qualifies for suspension of collection
18 under this section and that the department will resume collection of the unpaid tax.

19 (8) The department may write off the debt on its accounts under ORS 293.240 for any tax period
20 for which collection has been suspended under subsection (2) for more than three tax years.

21 **(9) Notwithstanding ORS 305.157 and subsections (1) and (2) of this section, the depart-**
22 **ment shall cancel any tax imposed by laws of the State of Oregon that is collected by the**
23 **department or any portion of the tax assessed against a person, including any penalty and**
24 **interest that has not been collected, if at least 10 years have passed since the date that the**
25 **tax was first due and payable.**

26 [(9)] (10) The department shall by rule establish policies and procedures for the administration
27 of this section.

28 **SECTION 2. The amendments to ORS 305.155 by section 1 of this 2025 Act apply to debt**
29 **that remains outstanding on any date on or after January 1, 2025.**

30 **SECTION 3. This 2025 Act takes effect on the 91st day after the date on which the 2025**
31 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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