

Senate Bill 800

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Tina Kotek for Department of Revenue)

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 requires people who seek licenses to show tax compliance. (Flesch Readability Score: 64.9).

Expands provisions requiring tax compliance as a condition of receiving a license to conduct a business, trade or profession or of entering into a contract with a state agency or political subdivision. Requires licensees and contractors to provide a tax compliance certificate from the Department of Revenue, unless a certain compliance rate is demonstrated by holders of the type of license.

Applies to licenses issued, reissued, reinstated or renewed and contracts entered into on or after January 1, 2026.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to compliance with tax laws; creating new provisions; amending ORS 9.565, 305.380 and
3 305.385; and prescribing an effective date.

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

5 **SECTION 1.** ORS 305.380 is amended to read:

6 305.380. As used in **this section and** ORS 305.385:

7 (1) "Agency" means any department, board, commission, division or authority of the State of
8 Oregon, or any political subdivision of this state which imposes a local tax administered by the
9 Department of Revenue under ORS 305.620.

10 (2) "License" means any written authority required by law or ordinance as a prerequisite to the
11 conduct of a business, trade or profession.

12 (3) **"Licensee" means a person holding a license in Oregon, or a person applying for the**
13 **issuance, reissuance, reinstatement or renewal of a license.**

14 (4) **"Owner" means an owner, as defined in ORS 60.470, of a licensee or provider.**

15 [(3)] (5) "Provider" means any person who contracts to supply goods, services or real estate
16 space to an agency.

17 [(4)] (6)(a) "Tax" means [*a state tax imposed by ORS 320.005 to 320.150 and 403.200 to 403.250*
18 *and ORS chapters 118, 314, 316, 317, 318, 321 and 323*] **state taxes administered by the depart-**
19 **ment under the tax laws of this state and local taxes administered by the Department of Revenue**
20 **under ORS 305.620, and any associated penalties and interest imposed in addition to the tax.**

21 (b) **"Tax" does not include ad valorem property taxes.**

22 **SECTION 2.** ORS 305.385 is amended to read:

23 305.385. (1) **Annually, on or before March 1, and** upon request of the Department of
24 Revenue, *an agency issuing or renewing a license to conduct a business, trade or profession shall*
25 *annually, on or before March 1, supply the department with a list of specified licenses issued or re-*

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 *newed by the agency during the preceding calendar year.]:*

2 **(a) An agency that issues or renews licenses shall supply the department with a list of**
 3 **all licensees holding, during the preceding calendar year, specified licenses issued or renewed**
 4 **by the agency.**

5 **(b) The Oregon State Bar shall supply the department with a list of all members who are**
 6 **active or inactive during the preceding calendar year.**

7 (2) Upon request of the department, an agency shall annually, on or before March 1, supply the
 8 department with a list of [*specified persons contracting with the agency to provide goods, services or*
 9 *real estate space to the agency*] **the agency's providers** during the preceding calendar year.

10 (3) The lists required by subsections (1) and (2) of this section shall contain:

11 **(a) The name, address, Social Security or federal employer identification number of each**
 12 **licensee or provider [*or such other information as the department may by rule require.*] and any**
 13 **owner of each licensee or provider;**

14 **(b) The renewal period of the license, if any; and**

15 **(c) Any other information as the department may by rule require, in the format and**
 16 **manner specified by the department.**

17 **(4) The department may:**

18 **(a) By rule establish types of licenses for the purpose of categorizing and compiling in-**
 19 **formation received under this section; and**

20 **(b) Use the information obtained under subsections (1) to (3) of this section for the pur-**
 21 **pose of tax administration, including determination of tax compliance and calculation of the**
 22 **average rate of tax compliance for each specified license type. The information is exempt**
 23 **from disclosure by the department under ORS 192.311 to 192.478.**

24 **(5)(a) If required to do so under subsection (6) of this section, at the time of application**
 25 **for the issuance, reissuance, reinstatement or renewal of a license, the licensee and each**
 26 **owner of the licensee shall submit to the licensing agency a certificate issued by the de-**
 27 **partment stating that, as of the date of the certificate, the licensee or owner is in compliance**
 28 **with respect to any returns due and taxes payable to the department.**

29 **(b) The certificate described in this subsection must be dated no earlier than 90 days**
 30 **prior to the date that a licensee submits an application for a license.**

31 **(c) An application for a license shall be incomplete if not accompanied by a certificate**
 32 **as described in this subsection.**

33 **(d) Upon request of a licensee, if the licensee is in compliance with taxes administered**
 34 **by the department, the department shall, within 30 days after a request from the licensee,**
 35 **provide to the licensee a certificate as described in this subsection.**

36 **(6) A licensee and each owner of the licensee is subject to subsection (5) of this section:**

37 **(a) If, with respect to the entity that seeks a license, the licensee is not an employee as**
 38 **defined in ORS 25.790; and**

39 **(b) If the department determines that the average tax compliance rate for licensees**
 40 **holding the type of license sought is less than the average rate of compliance for other tax-**
 41 **payers.**

42 **(7) Subsections (5) and (6) of this section do not apply if the average tax compliance rate**
 43 **for licensees holding the type of license sought meets or exceeds 95 percent for the five most**
 44 **recent consecutive calendar years for which compliance rate information is available at the**
 45 **time of the department's determination.**

1 **(8) Notwithstanding ORS 314.835, 314.840 or 314.991, the department shall notify an agency**
 2 **if the average tax compliance rate for a type of license issued by the agency is less than 95**
 3 **percent, as described in subsection (7) of this section.**

4 [(4)(a)] **(9)(a)** If the department determines that any licensee, **owner** or provider has neglected
 5 or refused to file any return or to pay any tax and [that such person has not filed] **has not** in good
 6 faith [a petition before the department] **timely requested a conference with the department,**
 7 **submitted a written objection to the department or timely filed an appeal in the Oregon Tax**
 8 **Court** contesting the tax, and the department has been unable to obtain payment of the tax [through
 9 other methods of collection], the Director of the Department of Revenue may, notwithstanding ORS
 10 118.525, 314.835 or 314.840 or any similar provision of law, notify the agency and the person in
 11 writing.

12 (b) Upon receipt of such notice, the agency shall refuse to reissue, **reinstate**, renew or extend
 13 any license, contract or agreement until the agency receives a certificate issued by the department
 14 that the person is in [good standing] **compliance** with respect to any returns due and taxes payable
 15 to the department as of the date of the certificate.

16 (c) Upon the written request of the director and after a hearing and notice to the licensee as
 17 required under any applicable provision of law, the agency shall suspend the person's license if the
 18 agency finds that the returns and taxes have not been filed or paid and that the licensee **or owner**
 19 has not [filed in good faith a petition before the department contesting the tax] **contested the tax**
 20 **through a request for a conference with the department, submission of a written objection**
 21 **to the department or timely filing of an appeal in the Oregon Tax Court** and the department
 22 has been unable to obtain payment of the tax [through other methods of collection]. For the purpose
 23 of the agency's findings, the written representation to that effect by the department to the agency
 24 shall constitute prima facie evidence of the person's failure to file returns or pay the tax. The de-
 25 partment shall have the right to intervene in any license suspension proceeding.

26 (d) Any license suspended under this subsection [shall] **may** not be reissued, **reinstated** or re-
 27 newed until the agency receives a certificate issued by the department that the licensee **and each**
 28 **owner** is in [good standing] **compliance** with respect to any returns due and taxes payable to the
 29 department, **including any fee imposed under subsection (10) of this section**, as of the date of
 30 the certificate.

31 **(10) The department may impose a fee to be paid, in addition to any tax due, by any**
 32 **licensee subject to suspension under subsection (9) of this section. The fee imposed under**
 33 **this subsection may not exceed the actual legal costs to the department related to a license**
 34 **suspension under subsection (9) of this section. A fee may not be added under this subsection**
 35 **unless the department has provided notice to the licensee of the authority of the department**
 36 **to impose a fee.**

37 [(5)] **(11)(a) Following a suspension for which a final order has been issued,** the department
 38 **and the licensee, owner or provider** may enter into an **agreement with respect to any filing**
 39 **requirement or into an** installment payment agreement [with a licensee or provider] with respect
 40 to any unpaid tax, penalty and interest. The agreement shall provide for interest on [the] **any** out-
 41 standing amount at the rate prescribed by ORS 305.220. **The agreement shall provide that any**
 42 **failure, without reasonable cause, by the licensee, owner or provider to satisfy the agreement**
 43 **shall constitute a waiver of the right to a hearing and cause any suspension to remain in**
 44 **place.**

45 **(b)** The department may issue a provisional certificate of [good standing] **compliance** pursuant

1 to subsection [(4)(b) and (d)] **(9)(b) and (d)** of this section which shall remain in effect so long as
 2 the licensee, **owner** or provider fully complies with the terms of the [*installment*] agreement. Failure
 3 by the licensee, **owner** or provider to fully comply with the terms of the [*installment*] agreement
 4 shall render the agreement and the provisional certificate of [*good standing*] **compliance** null and
 5 void, unless the department determines that the failure was due to reasonable cause. If the depart-
 6 ment determines that the failure was not due to reasonable cause, the total amount of the tax,
 7 penalty and interest shall be immediately due and payable, and the department shall notify any af-
 8 fected agency that the licensee, **owner** or provider is not in [*good standing. The agency shall then*
 9 *take appropriate action under subsection (4)(b) and (d) of this section.*] **compliance with the tax**
 10 **system. The agency shall immediately suspend or decline to issue a license upon notification**
 11 **by the department that the licensee, owner or provider is not in compliance.**

12 (c) **The licensee, owner or provider may, within 21 days of a determination of lack of**
 13 **reasonable cause, appeal the determination to the Director of the Department of Revenue.**
 14 **Within 14 days after the filing of the appeal, the director must either make a finding in favor**
 15 **of the licensee, owner or provider or give that person opportunity for hearing. If the licensee,**
 16 **owner or provider requests a hearing, the director shall immediately refer the matter to the**
 17 **Office of Administrative Hearings established under ORS 183.605. The hearing shall be con-**
 18 **ducted as soon as possible. Notwithstanding ORS 183.315, the hearing shall be conducted as**
 19 **a contested case hearing. An issue that was decided in a previous hearing, or for which the**
 20 **licensee, owner or provider was previously afforded an opportunity for hearing, may not be**
 21 **reconsidered. Upon resolution in favor of the licensee, owner or provider, the department**
 22 **shall notify the agency and the agency shall issue, renew or reinstate the license.**

23 [(6)] **(12) [No] A contract or other agreement for the purpose of providing goods, services or real**
 24 **estate space to any agency [shall] may not be entered into, renewed or extended with any person,**
 25 **unless the person certifies in writing, under penalty of perjury, that the person or any owner or**
 26 **provider associated with the person for purposes of the contract is, to the best of the person's**
 27 **knowledge, not in violation of the provisions of any tax [laws described] as defined in ORS 305.380**
 28 **[(4)].**

29 [(7)] **(13)** The certification under subsection [(6)] **(12)** of this section shall be required for each
 30 contract and renewal or extension of a contract or may be provided on an annual basis. A certi-
 31 fication [*shall*] **is not [be] required for a contract if the consideration for the goods, services or real**
 32 **estate space provided under the contract is no more than [\$1,000] \$10,000.**

33 [(8)(a)] **(14)(a)** The requirements of the certification under subsection [(6)] **(12)** of this section
 34 shall be subject to the rules adopted by the department in accordance with this section.

35 (b) The department may by rule exempt certain contracts from the requirements of subsection
 36 [(6)] **(12)** of this section.

37 **SECTION 3.** ORS 9.565 is amended to read:

38 9.565. (1) The Department of Revenue may provide to the Oregon State Bar the name and ad-
 39 dress of any person admitted to practice law in this state if the department has reasonable grounds
 40 to believe that:

41 (a) The person admitted to practice law prepared a return or report for another person that is
 42 filed with the department and the return or report was prepared in violation of any provision of ORS
 43 9.460 to 9.542 or 9.705 to 9.757 or the disciplinary rules adopted thereunder;

44 (b) The person admitted to practice law failed to file a required return, the person has not
 45 **timely** filed an appeal contesting the tax [*with the department by the filing deadline*] and the de-

1 partment has been unable to obtain payment of the tax [*through other methods of collection*];

2 [(c) *The person admitted to practice law failed to withhold or remit personal income taxes on behalf*
 3 *of an employee of an entity, the person has been held liable for the failure under ORS 316.207, the*
 4 *person has not filed an appeal contesting the tax with the department by the filing deadline and the*
 5 *department has been unable to obtain payment of the tax through other methods of collection; or]*

6 [(d) *The person admitted to practice law failed to withhold or remit personal income taxes on be-*
 7 *half of an employee of an entity in which the person has a direct ownership interest, the person has*
 8 *not filed an appeal contesting the tax with the department by the filing deadline and the department*
 9 *has been unable to obtain payment of the tax through other methods of collection.*]

10 **(c) The person admitted to practice law, having a fiduciary duty to withhold, collect or**
 11 **remit taxes on behalf of an employee of an entity, has failed to do so, has been held liable**
 12 **for the failure, has not timely filed an appeal contesting the tax and the department has been**
 13 **unable to obtain payment of the tax; or**

14 **(d) The person admitted to practice law failed to withhold, collect or remit taxes due**
 15 **from an entity in which the person has a direct ownership interest, the person has not timely**
 16 **filed an appeal contesting the tax and the department has been unable to obtain payment of**
 17 **the tax.**

18 (2) If the department provides the name and address of a person admitted to practice law under
 19 subsection (1) of this section, the department shall also provide to the bar a statement of the basis
 20 of the department’s belief that a violation may have occurred.

21 (3) If the department provides the name and address of a person admitted to practice law under
 22 subsection (1) of this section [*with regard to a return or report prepared for a person other than the*
 23 *person admitted to practice law, or with regard to a failure to withhold and remit personal income*
 24 *taxes withheld*], the department may also provide to the bar the name and address of the taxpayer.

25 (4) The bar and any person or board described in ORS 9.537 (2) shall use the names, addresses
 26 and other information provided under this section solely in the enforcement of ORS 9.460 to 9.542
 27 or 9.705 to 9.757 or the disciplinary rules adopted thereunder. Information disclosed by the depart-
 28 ment pursuant to this section may be used in any bar proceeding relating to discipline or admission
 29 or reinstatement of any person to the bar.

30 (5) Information disclosed by the department pursuant to this section is confidential and not
 31 subject to disclosure by the bar unless the state professional responsibility board appointed under
 32 ORS 9.532 has found probable cause of a rule violation or the matter investigated is finally resolved
 33 by disciplinary board action, a diversion or agreement or an order of the Supreme Court.

34 **SECTION 4. The amendments to ORS 305.385 by section 2 of this 2025 Act apply to li-**
 35 **licenses issued, reissued, reinstated or renewed and to contracts entered into on or after**
 36 **January 1, 2026.**

37 **SECTION 5. This 2025 Act takes effect on the 91st day after the date on which the 2025**
 38 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**