

January 27, 2025

Chair Mark Meek
Vice-Chair Mike McLane
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

Dear Chair Meek, Vice-Chair McLane, and members of the Senate Finance and Revenue Committee,

Thank you for allowing us the opportunity to provide feedback on SB 800. We appreciate the intent of the bill to ensure better protection of public funds. Local governments support good governance and to be good partners and stewards of public monies.

We are still working to understand the full impacts of the bill, but we have identified some areas of concern as it may affect the amount of time and expenses required during jurisdictional operations as currently written. Additionally, every jurisdiction is unique, and this may have a greater or lesser impact on some versus others.

This bill could have a major impact on operations because it would require the jurisdiction to “refuse to reissue, reinstate, renew or extend any license, contract or agreement until the agency receives a certificate issued by the Department of Revenue (DOR) that the person is in compliance with respect to any returns due and taxes payable to the department as of the date of the certificate.” The impact of this would depend, in part, on the number of contractors and licensees included in the state Department of Revenue’s noncompliance lists. If the lists include a significant number of contractors and licensees with which the jurisdiction does business, the bill could reduce the pool of available contractors, and a smaller pool of available contractors could drive up the costs of doing business due to a reduction in competition. Moreover, the bill could interfere with the efforts to grow and maintain small and emerging businesses that may be more vulnerable to tax delinquency due to negative economic factors and/or a lack of resources to navigate the complexities of tax law. This hurts all our jurisdictions, especially those in rural areas where the pool of businesses is already small.

In addition, the bill will most likely place a significant administrative burden and expenses on a jurisdiction due to the reporting and monitoring requirements in the bill. All contracting and licensing departments would need to implement new administrative systems and procedures to ensure compliance.

Further, there are some additional ambiguities in this bill that could use some clarification.

As an example, the bill could prevent a local jurisdiction's employees or contractors from working if they don't pay their taxes and thus can't renew their licenses. If an employee must have their license in place to be the water treatment plant operator, and they can't renew their license because of this law, then that could cause problems for the jurisdiction. While it's important that all local employees are compliant with local tax law, the language is unclear as to whether there are intermediary solutions, such as payment plans, that are allowed to help those that need time to become compliant and losing their license would hinder their ability to do so. Adding clarity on the definition of a license and potential compliance measures could lessen the chance of it impacting essential services.

Another area that could use clarification is section 2(6)(12). The text references certification in writing of tax compliance as a criteria for entering into a contract. Would the same process outlined in section 2(5)(a) also be effective in order to standardize this process? If they have to obtain a certification from DOR anyway, why not use that to satisfy our contracting requirement? Providing some clarity to the bill would be helpful to understand how it would be implemented, the fiscal impact to comply, and allow us to determine the full impact of these changes.

It's our desire to work with the Department, the Governor's office, and this committee on the bill's language to ensure we remain worthy protectors of public funds while avoiding additional burdens that could slow or add expenses to the process and hurt our most vulnerable, local small businesses.

Thank you for your consideration. We look forward to working with you all on this bill.

Sincerely,

