

**2025 Oregon Legislative Assembly
House Committee on Revenue
Testimony related to HB2084 – **Oppose****

Date: June 3, 2025

Good afternoon, Chair Representative Nathanson, Vice-Chairs Representative Reschke and Walters, and Members of the House Committee on Revenue.

For the record, my name is **John Hawkins**. I am the Past Chair of the Oregon Society of CPA's Board of Directors and a Certified Public Accountant with the firm of REDW Advisors and CPAs, LLC in Salem, Oregon. I appreciate the opportunity to share testimony at today's hearing.

On behalf of over 4,000 members of the OSCP, we respectfully submit testimony in **opposition to HB2804**, which adds tax compliance certificate requirements for most state government contractors and their owners.

Background:

The expanded tax compliance certificate provisions contained in this bill have the potential to cause significant challenges for many individual and business taxpayers and the Department of Revenue. The OSCP actively encourages and promotes compliance with all Oregon tax laws and filing requirements.

As currently written, the bill could result in substantial unintended consequences. The concerns noted below are not exhaustive but are examples of various items which OSCP believes should be discussed and clarified as part of the legislative process:

- The scope of the term "owner" could have broad implications. The current bill requires a certificate from each owner (defined as any person with greater than 10% ownership; amendment -5 would increase the threshold to 20% ownership). There are many complex public and private business entities which have significant numbers of greater-than-10% owners. For example, a contractor may be owned by an individual, a general partnership, a corporation, and private equity all at the same time. Each of the owners will likely have different advisors that would need to assist them with obtaining the certification. This would then all need to be reported back to the actual contractor to include with their submission to the contracting agency. This is a significant time commitment for contractors to compile this additional documentation – and it is not as easy as applying for and obtaining a single certificate from the Department of Revenue.
- There is a concern that this process could significantly impact the timing of contracts that will be issued pending the tax clearance process. This would increase the complexity of contracting processes, and put significantly more burden on contracting agencies, which would now have to verify not only that the contractor has obtained a certificate, but which would also have to determine the contractor's "owners" and whether each of them are in compliance with state and local tax laws.
- Current provisions of the bill do not appear to provide additional resources to the Department of Revenue to administer this program. The program will take significant, additional resources that may divert resources from other vital programs and projects administered by the Department. Given that this also applies to local taxing authorities and tax programs, the City of Portland Revenue Division would likely be impacted as well.
- Current Department of Revenue processes and rules may not be sufficient to meet the goals and timing of the Bill and may require rulemaking and development of software and manual processes to allow for the issuance of tax compliance certificates at a large scale.
- The Bill would be effective for contracts entered into or advertised on or after January 1, 2026. This may not allow sufficient time for educating contracting agencies and taxpayers on these new requirements.

The Department of Revenue might need additional time to update software and processes. Additional staff may need to be trained.

Recommendation:

We take no position on the policy goals that underlie the proposed bill and are in full support of tax compliance by all taxpayers in Oregon. However, we have significant concerns that the means by which the tax compliance of state government contractors will be enforced, and we believe that there may be better ways to accomplish the same result without creating a significant burden on the Department of Revenue, local taxing authorities, taxpayers, and tax practitioners.

We respectfully recommend that the legislature consider other means of achieving these policy goals. We stand ready to assist as the Committee considers this bill and alternatives.

Thank you for the opportunity to share our concerns. On behalf of Oregon Society of CPAs, we respectfully encourage you to oppose HB 2084 as written.

Contact: Nicole Hazelbaker, Bravio Communications, Salem, OR

###