

HB 4016 -1, -2 STAFF MEASURE SUMMARY

House Committee On Revenue

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/2, 2/11

WHAT THE MEASURE DOES:

Requires any person or business that provides a state agency goods or services through a contract valued over \$250,000 to demonstrate compliance with tax laws. Applies to state and local tax programs administered by the Department of Revenue (DOR) with the exception of property taxes. Includes owners with at least 20 percent ownership interest in contractor. Requires contractor and owners to obtain a certificate of tax compliance from DOR and to provide that certificate to the contracting agency before entering, renewing, or extending a contract. Requires DOR to provide a certificate of compliance to a contractor and each owner within 30 days of request if they are in compliance. Replaces requirements for all contractors to self-attest to tax compliance with requirement to present compliance certificate issued by DOR. Applies agency contracting requirements beginning January 1, 2027. Requires Secretary of State to study methods to ensure the Corporation Division business registry is reliable and sufficient and collected and maintained in a manner most effective to ensure tax compliance. Requires submission of preliminary report by December 31, 2026, and a final report during the 2027 legislative session. Takes effect on the 91st day after sine die.

ISSUES DISCUSSED:

- DOR Tax Compliance Certification issuance process and statistics
- Tax compliance for people and businesses contracting with the state

EFFECT OF AMENDMENT:

-1 Replaces bill. Maintains policy in bill as introduced, with the following changes:

Requires contractors to self-attest to tax compliance for contracts below \$250,000. Expands time allowed between issuance of tax compliance certificate and entering contract from 90 days to six months. Applies tax compliance certificate requirement to include increases in contract value for contracts over \$250,000. Reduces time for DOR to issue certificates from 30 days to 14 days. Clarifies language exempting local governments contracts from requirements.

-2 Replaces bill.

The amendment is the same as -1, but makes technical fix to clarify requirement for self-attestation to tax compliance for contracts valued at exactly \$250,000.

BACKGROUND:

The process that state agencies follow when procuring goods and services is governed by statute, agency policy, and agency administrative rules. In most cases, agencies, boards, and commissions are required to follow the policies and administrative rules adopted by the Department of Administrative Services (DAS).

Under the Public Contracting Code (Chapters 279A, 279B, and 279C) subject agencies are currently required to determine that contractors comply with Oregon tax laws by having contractors self-attest to compliance status

and promise to continue to comply (ORS 279B.045).

The requirements in the bill would be in addition to collection requirements currently in place. The Oregon Accounting Manual (OAM 35.30.90.102) includes a policy referred to as the “vendor offset program” or “vendor coordination” requiring the state to make reasonable efforts to collect state agency accounts receivable (if assigned to Department of Revenue for collection) by reducing payments to vendors to apply to the delinquent debt.