REVENUE IMPACT OF PROPOSED LEGISLATION

83rd Oregon Legislative Assembly
2026 Regular Session
Legislative Revenue Office

Bill Number: **HB 4016 - 2**

Date: **2/10/2026**

Only Impacts on Original or Engrossed Versions are Considered Official

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This office has reviewed the proposed legislation and determined that it has

Minimal Revenue Impact

The bill requires state contractors and their owners to obtain a certificate of tax compliance from the Department of Revenue (DOR) for contracts over $250,000. This requirement could affect tax collections in several ways. However, the bill does not create new tax liabilities, and it allows taxpayers to demonstrate compliance through multi-year payment plans. The policy may shift some payments forward in time, and it may also disqualify some businesses from state contracts. As a result, the bill's revenue impact for each affected tax program is expected to be minimal.

The criteria for DOR issuing a certificate of tax compliance are established in Oregon Administrative Rule 150-305-0604. The rule deems taxpayers in compliance if they have filed all required tax returns for the past three years, and if subject to collections they must have paid any outstanding balance or entered an approved payment plan. Payment plans may extend up to 36 months.

Generally, taxpayers that have tax debt make payments toward that debt when they have the financial capacity to do so. While there are examples of taxpayers that take unusual steps to avoid payment, the state has extensive tools to collect tax debt when taxpayers have income or assets and do not pay voluntarily.

DOR's collection tools include the ability to intercept a debtor's tax refund, garnish wages or business payments, and place liens on property to secure payment. When a contractor receives payments from the state, the Vendor Offset Program allows DOR to intercept and apply those payments toward outstanding tax liabilities. Since July 2023, the department has also published a delinquent taxpayer list with the names of taxpayers that owe at least $50,000 of unresolved tax debt.

HB 4016 adds an incentive for state contractors to stay current on their tax obligations. Although the payments triggered by this incentive would likely have been made eventually through voluntary compliance or enforcement, the bill may cause some of those payments to occur sooner. In a small number of cases, businesses that cannot obtain a certificate of tax compliance may be disqualified from state contracts, which could reduce tax payments. Overall, these effects are not expected to produce a material change in tax revenue.

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