

B-Engrossed House Bill 4016

Ordered by the House March 3
Including House Amendments dated February 13 and March 3

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue for Representative Nancy Nathanson)

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Says that people who get public contracts must obey tax laws and must show proof of compliance with tax laws. (Flesch Readability Score: 76.8).

Requires public contractors to demonstrate and maintain tax compliance, through a certification process, as a condition of the execution of a public contract. Becomes operative January 1, 2027.

Directs the Secretary of State to study methods for collecting information through business registry function to ensure tax compliance by persons doing business in this state.

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

A BILL FOR AN ACT

1
2 Relating to tax compliance; creating new provisions; amending ORS 279B.110, 305.380 and 305.385;
3 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*] **that** imposes a local tax administered by
9 the 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) "Owner" means an owner, as defined in ORS 60.470, that has at least a 20 percent
13 ownership interest of a provider.

14 [(3)] (4) "Provider" means any person who contracts to supply goods, services or real estate
15 space to an agency.

16 [(4)(a)] (5)(a) "Tax" means state taxes administered by the department under the tax laws of this
17 state and local taxes administered by the department under ORS 305.620, **and any associated**
18 **penalties and interest imposed in addition to the tax.**

19 (b) "Tax" does not include ad valorem property taxes collected by counties.

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

21 305.385. (1) Upon request of the Department of Revenue, an agency issuing or renewing a license
22 to conduct a business, trade or profession shall annually, on or before March 1, supply the depart-
23 ment with a list of specified licenses issued or renewed by the agency during the preceding calendar
24 year.

(2) Upon request of the department, an agency shall annually, on or before March 1, supply the

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 department with a list of specified persons contracting with the agency to provide goods, services
2 or real estate space to the agency during the preceding calendar year.

3 (3) The lists required by subsections (1) and (2) of this section shall contain the name, address,
4 Social Security or federal employer identification number of each licensee or provider or such other
5 information as the department may by rule require.

6 (4)(a) If the department determines that any licensee or provider has neglected or refused to file
7 any return or to pay any tax and that such person has not filed in good faith a petition before the
8 department contesting the tax, and the department has been unable to obtain payment of the tax
9 through other methods of collection, the Director of the Department of Revenue may,
10 notwithstanding ORS 118.525, 314.835 or 314.840 or any similar provision of law, notify the agency
11 and the person in writing.

12 (b) Upon receipt of such notice, the agency shall refuse to reissue, renew or extend any license,
13 contract or agreement until the agency receives a certificate issued by the department that the
14 person is in good standing with respect to any returns due and taxes payable to the department as
15 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 has not
19 filed in good faith a petition before the department contesting the tax and the department has been
20 unable to obtain payment of the tax through other methods of collection. For the purpose of the
21 agency's findings, the written representation to that effect by the department to the agency shall
22 constitute prima facie evidence of the person's failure to file returns or pay the tax. The department
23 shall have the right to intervene in any license suspension proceeding.

24 (d) Any license suspended under this subsection *[shall]* **may** not be reissued or renewed until
25 the agency receives a certificate issued by the department that the licensee is in good standing with
26 respect to any returns due and taxes payable to the department as of the date of the certificate.

27 (5) The department may enter into an installment payment agreement with a licensee or pro-
28 vider with respect to any unpaid tax, penalty and interest. The agreement shall provide for interest
29 on the outstanding amount at the rate prescribed by ORS 305.220. The department may issue a
30 provisional certificate of good standing pursuant to subsection (4)(b) and (d) of this section which
31 shall remain in effect so long as the licensee or provider fully complies with the terms of the in-
32 stallment agreement. Failure by the licensee or provider to fully comply with the terms of the in-
33 stallment agreement shall render the agreement and the provisional certificate of good standing null
34 and void, unless the department determines that the failure was due to reasonable cause. If the de-
35 partment determines that the failure was not due to reasonable cause, the total amount of the tax,
36 penalty and interest shall be immediately due and payable, and the department shall notify any af-
37 fected agency that the licensee or provider is not in good standing. The agency shall then take ap-
38 propriate action under subsection (4)(b) and (d) of this section.

39 *[(6) No contract or other agreement for the purpose of providing goods, services or real estate space*
40 *to any agency shall be entered into, renewed or extended with any person, unless the person certifies*
41 *in writing, under penalty of perjury, that the person is, to the best of the person's knowledge, not in*
42 *violation of any tax laws described in ORS 305.380 (4).]*

43 **(6) A contract or other agreement for the purpose of providing goods, services or real**
44 **estate space to any agency, other than a political subdivision of this state, may not be en-**
45 **tered into, renewed or extended with any provider or owner, unless at the time of contract-**

1 **ing with an agency:**

2 (a) **The provider and owner certify in writing, under penalty of perjury, that to the best**
3 **of the person's knowledge the provider or owner is not in violation of any tax laws described**
4 **in ORS 305.380; and**

5 (b) **The provider and each owner submit certificates issued by the department stating**
6 **that, as of the date of the certificate, the provider or owner is not in violation of any tax**
7 **laws described in ORS 305.380.**

8 (7) The *[certification]* **certificate** under subsection (6) of this section shall be required for each
9 contract, *[and]* renewal or extension of a contract *[or may be provided on an annual basis]* **and in-**
10 **crease in contract value and must be dated no earlier than six months prior to the date that**
11 **the provider contracts with the agency.** A *[certification shall not be]* **certificate is not** required
12 for a contract if the consideration for the goods, services or real estate space provided under the
13 contract is no more than *[\$1,000]* **\$250,000.**

14 (8) **A contract may not be executed if a certificate as described in subsection (6) of this**
15 **section is not provided to the agency.**

16 (9) **Upon request of a provider, if the provider and each owner are not in violation of any**
17 **tax laws described in ORS 305.380, the department shall, within 14 days after the request,**
18 **issue to the provider and each owner a certificate as described in subsection (6) of this sec-**
19 **tion.**

20 *[(8)(a)]* (10)(a) The requirements of the *[certification]* **certificate** under subsection (6) of this
21 section shall be subject to the rules adopted by the department in accordance with this section.

22 (b) The department may by rule exempt certain contracts from the requirements of subsection
23 (6) of this section.

24 **SECTION 3.** ORS 279B.110 is amended to read:

25 279B.110. (1) As part of a contracting agency's evaluation of a bid or proposal, the contracting
26 agency shall determine whether the bidder or proposer is responsible in accordance with the stan-
27 dards of responsibility set forth in subsection (2) of this section. If the contracting agency deter-
28 mines that a bidder or proposer is not responsible, the contracting agency shall provide the bidder
29 or proposer with written notice of the contracting agency's determination.

30 (2) In order for a contracting agency to determine that a bidder or proposer is responsible, the
31 bidder or proposer must demonstrate to the contracting agency that the bidder or proposer:

32 (a) Has available the appropriate financial, material, equipment, facility and personnel resources
33 and expertise, or has the ability to obtain the resources and expertise, necessary to meet all con-
34 tractual responsibilities.

35 (b) Completed previous contracts of a similar nature with a satisfactory record of performance.
36 For purposes of this paragraph, a satisfactory record of performance means that to the extent that
37 the costs associated with and time available to perform a previous contract remained within the
38 bidder's or proposer's control, the bidder or proposer stayed within the time and budget allotted for
39 the procurement and otherwise performed the contract in a satisfactory manner. The contracting
40 agency shall document the bidder's or proposer's record of performance if the contracting agency
41 finds under this paragraph that the bidder or proposer is not responsible.

42 (c) Has a satisfactory record of integrity. The contracting agency in evaluating the bidder's or
43 proposer's record of integrity may consider, among other things, whether the bidder or proposer has
44 previous criminal convictions for offenses related to obtaining or attempting to obtain a contract
45 or subcontract or in connection with the bidder's or proposer's performance of a contract or sub-

1 contract. The contracting agency shall document the bidder's or proposer's record of integrity if the
2 contracting agency finds under this paragraph that the bidder or proposer is not responsible.

3 (d) Is legally qualified to contract with the contracting agency.

4 [(e) *Complied with the tax laws of the state or a political subdivision of the state, including ORS*
5 *305.620 and ORS chapters 316, 317 and 318. The bidder or proposer shall demonstrate compliance by*
6 *attesting to the bidder's or proposer's compliance in any way the contracting agency deems credible and*
7 *convenient.*]

8 (e) **Is not in violation of any tax laws described in ORS 305.380. If the anticipated price**
9 **of a public contract that a contracting agency awards or renews is \$250,000 or less, the bidder**
10 **or proposer shall demonstrate compliance by attesting to the bidder's or proposer's compli-**
11 **ance in any manner the contracting agency deems credible and convenient. If the anticipated**
12 **price of a public contract that a state contracting agency awards or renews is more than**
13 **\$250,000, the bidder or proposer shall submit to the state contracting agency a certificate**
14 **from the Department of Revenue, as provided in ORS 305.385 (6).**

15 (f) Possesses an unexpired certificate that the Oregon Department of Administrative Services
16 issued under ORS 279A.167 if the bidder or proposer employs 50 or more full-time workers and
17 submitted a bid or proposal for a procurement with an estimated contract price that exceeds
18 \$500,000 in response to an advertisement or solicitation from a state contracting agency.

19 (g) Supplied all necessary information in connection with the inquiry concerning responsibility.
20 If a bidder or proposer fails to promptly supply information concerning responsibility that the con-
21 tracting agency requests, the contracting agency shall determine the bidder's or proposer's respon-
22 sibility based on available information or may find that the bidder or proposer is not responsible.

23 (h) Was not debarred by the contracting agency under ORS 279B.130.

24 (3) A contracting agency may refuse to disclose outside of the contracting agency confidential
25 information furnished by a bidder or proposer under this section when the bidder or proposer has
26 clearly identified in writing the information the bidder or proposer seeks to have treated as confi-
27 dential and the contracting agency has authority under ORS 192.311 to 192.478 to withhold the
28 identified information from disclosure.

29 **SECTION 4. The amendments to ORS 279B.110, 305.380 and 305.385 by sections 1 to 3 of**
30 **this 2026 Act become operative on January 1, 2027.**

31 **SECTION 5. (1) The Secretary of State shall study methods for ensuring that information**
32 **collected by the Corporation Division of the Office of the Secretary of State in its business**
33 **registry function from persons doing business in this state is collected and retained in a**
34 **manner most effective to ensure compliance with the tax laws of this state by those that are**
35 **doing business in this state. This information includes names and addresses of persons doing**
36 **business in this state.**

37 (2) **In the study required under this section, the secretary shall review methods to:**

38 (a) **Ensure that all business owners are properly registered.**

39 (b) **Verify that provided physical addresses of business owners are accurate.**

40 (c) **Use technology to detect variations in provided names and addresses and other data**
41 **and multiple uses of addresses.**

42 (d) **Expand the authority of the secretary to review and investigate applications for reg-**
43 **istration.**

44 (e) **Ensure appropriate enforcement and penalties for failure to provide current, accurate**
45 **or valid information.**

1 (3) In the study required under this section, the secretary shall assess whether the cur-
2 rent statutes and rules applicable to the secretary's business registry functions and current
3 division capacity are sufficient to ensure a business registry that is reliable and current and
4 has sufficient information to be useful for purposes of state agencies or consumers seeking
5 to verify information about businesses operating in this state.

6 (4) The secretary shall consult with the Department of Revenue, the Department of
7 Justice and the Legislative Revenue Officer in the preparation of the study and reports re-
8 quired under this section.

9 (5) The secretary shall submit reports on the findings of the study required under this
10 section, in the manner provided by ORS 192.245, and may include recommendations for leg-
11 islation, to the interim or regular committees of the Legislative Assembly related to revenue.
12 The secretary shall submit a preliminary report no later than December 31, 2026, and a final
13 report no later than the conclusion of the 2027 regular session of the Legislative Assembly.

14 **SECTION 6.** Section 5 of this 2026 Act is repealed on January 2, 2028.

15 **SECTION 7.** Notwithstanding any other provision of law, the General Fund appropriation
16 made to the Department of Revenue by section 1 (3), chapter 553, Oregon Laws 2025, for the
17 biennium ending June 30, 2027, for the Personal Tax and Compliance Division, is increased
18 by \$262,503, for the purpose of carrying out section 2 of this 2026 Act.

19 **SECTION 8.** Notwithstanding any other law limiting expenditures, the limitation on
20 expenditures established by section 2 (3), chapter 553, Oregon Laws 2025, for the biennium
21 ending June 30, 2027, as the maximum limit for payment of expenses from fees, moneys or
22 other revenues, including Miscellaneous Receipts and reimbursements from federal service
23 agreements, but excluding lottery funds and federal funds not described in section 2, chapter
24 553, Oregon Laws 2025, collected or received by the Department of Revenue, for the Personal
25 Tax and Compliance Division, is increased by \$6,358, for the purpose of carrying out section
26 2 of this 2026 Act.

27 **SECTION 9.** Notwithstanding any other provision of law, the General Fund appropriation
28 made to the Department of Revenue by section 1 (4), chapter 553, Oregon Laws 2025, for the
29 biennium ending June 30, 2027, for the Business Division, is increased by \$41,928, for the
30 purpose of carrying out section 2 of this 2026 Act.

31 **SECTION 10.** Notwithstanding any other law limiting expenditures, the limitation on
32 expenditures established by section 2 (4), chapter 553, Oregon Laws 2025, for the biennium
33 ending June 30, 2027, as the maximum limit for payment of expenses from fees, moneys or
34 other revenues, including Miscellaneous Receipts and reimbursements from federal service
35 agreements, but excluding lottery funds and federal funds not described in section 2, chapter
36 553, Oregon Laws 2025, collected or received by the Department of Revenue, for the Business
37 Division, is increased by \$42,626, for the purpose of carrying out section 2 of this 2026 Act.

38 **SECTION 11.** Notwithstanding any other provision of law, the General Fund appropriation
39 made to the Department of Revenue by section 1 (5), chapter 553, Oregon Laws 2025, for the
40 biennium ending June 30, 2027, for the Collections Division, is increased by \$44,417, for the
41 purpose of carrying out section 2 of this 2026 Act.

42 **SECTION 12.** Notwithstanding any other law limiting expenditures, the limitation on
43 expenditures established by section 2 (5), chapter 553, Oregon Laws 2025, for the biennium
44 ending June 30, 2027, as the maximum limit for payment of expenses from fees, moneys or
45 other revenues, including Miscellaneous Receipts and reimbursements from federal service

1 agreements, but excluding lottery funds and federal funds not described in section 2, chapter
2 553, Oregon Laws 2025, collected or received by the Department of Revenue, for the Col-
3 lections Division, is increased by \$25,721, for the purpose of carrying out section 2 of this 2026
4 Act.

5 SECTION 13. This 2026 Act takes effect on the 91st day after the date on which the 2026
6 regular session of the Eighty-third Legislative Assembly adjourns sine die.

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