

SB 1569 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Chris Allanach, Legislative Revenue Officer

Meeting Dates: 2/7

WHAT THE MEASURE DOES:

Directs the Department of Revenue to enable personal income taxpayers to voluntarily report their self-identified race and ethnicity. Limits access to and prohibits the commercial use of the data. Prohibits access by collection staff, audit staff, and the Internal Revenue Service. Requires the Department of Revenue to report on the development and implementation of the data collection to the Legislature. Takes effect on the 91st day following sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Clarifies the purpose for collecting the race/ethnicity data is to analyze revenue policy; limits the private sector use and retention of data to the preparation and filing of returns; limits the Department of Revenue reporting to the legislature on the information security measures to 2023 through 2028; clarifies the Department of Revenues use of the data.

BACKGROUND:

Under current law tax returns do not include race or ethnicity data. Tax policy analysis across such demographic groups is generally limited to a reliance on Census data and statistical matching technics. Depending on the qualitative results of the proposed voluntary reporting, a direct analysis of tax return data using this demographic information may be undertaken.