

A-Engrossed Senate Bill 1569

Ordered by the Senate February 10
Including Senate Amendments dated February 10

Sponsored by Senators WAGNER, JAMA, Representatives SMITH G, NERON, PHAM, VALDERRAMA; Senators DEMBROW, FREDERICK, GORSEK, LAWRENCE SPENCE, PATTERSON, SOLLMAN, Representatives ALONSO LEON, CAMPOS, DEXTER, GRAYBER, HELM, HUDSON, KROPF, MCLAIN, POWER, PRUSAK, RUIZ, SCHOUTEN, WILLIAMS (Presession filed.)

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.

Directs Department of Revenue to develop schedule allowing personal income taxpayers to voluntarily report taxpayers' self-identified race and ethnicity identifiers. Requires restricted access to collected data. Prohibits access to data by department collection and audit staff or by Internal Revenue Service. Prohibits [*commercial*] use of data **by tax practitioners and tax preparation software vendors for purposes other than preparing and filing of returns.**

Directs department to report annually, **beginning in 2023**, on development and implementation of data collection schedule to appropriate committee or interim committee of Legislative Assembly related to information management and technology. **Sunsets reporting requirement on January 2, 2028.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to data collected by the Department of Revenue; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2022 Act is added to and made a part of ORS chapter 316.

SECTION 2. (1) The Department of Revenue shall attach to personal income tax returns required to be filed under this chapter a schedule that allows taxpayers to provide to the department, at the time of filing the return and on a voluntary basis, self-reported identification of the taxpayer's race and ethnicity.

(2) The data collection schedule required under subsection (1) of this section must:

(a) Allow each taxpayer to select from the full list of demographic data categories of racial or ethnic identity adopted as uniform standards by the Oregon Health Authority pursuant to ORS 413.161.

(b) Allow each individual listed on a return to select one primary identifier and as many as two additional identifiers.

(c) Provide that individuals filing a joint return may each elect whether to indicate identifiers on the schedule.

(d) Be accompanied by the statement that the collection of data is voluntary and self-reported and that the department may not use the collected data for the purposes of audit, collection or other enforcement activities.

(e) Be accompanied by a statement explaining the purpose of collecting data for use in analysis of revenue policy.

(f) Be optional to complete, but provide that individuals shall opt out of completion of 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 schedule.

2 (3) The department shall establish policies and procedures to enable individuals who are
3 not required to file an income tax return under this chapter for a given tax year to elect to
4 complete the schedule provided under this section without filing a return.

5 **SECTION 3.** Sections 4 to 7 of this 2022 Act are added to and made a part of ORS chapter
6 305.

7 **SECTION 4.** (1) The Department of Revenue shall ensure that all data collected pursuant
8 to section 2 of this 2022 Act is used only for the purposes described in sections 2 and 6 of this
9 2022 Act.

10 (2) The department shall maintain and store data collected pursuant to section 2 of this
11 2022 Act separately from other information provided on tax returns filed under ORS chapter
12 316, and the data shall be accessible only to the following:

13 (a) Research section staff of the department.

14 (b) Other department staff that are assigned to process the data and process or program
15 the underlying systems for the data collection schedule, but only to the extent necessary for
16 that purpose.

17 (c) The staff of the Legislative Revenue Office.

18 (d) The division of the Oregon Department of Administrative Services that serves as of-
19 fice of economic analysis.

20 (3) Tax practitioners and tax preparation software vendors may use and retain data col-
21 lected pursuant to section 2 of this 2022 Act only to the extent necessary to assist taxpayers
22 in the preparing and filing of returns required under ORS chapter 316 and may not use the
23 data, or allow it to be used, for any other reason.

24 (4) Notwithstanding any intergovernmental reciprocal agreements entered into by the
25 Department of Revenue, the department may not allow the Internal Revenue Service access
26 to the data collected under section 2 of this 2022 Act.

27 **SECTION 5.** Not later than September 15 of each year, beginning in 2023, the Department
28 of Revenue shall report, in the manner provided in ORS 192.245, on the status of the devel-
29 opment and implementation of the data collection schedule required under section 2 of this
30 2022 Act and on the use of the data collected, to an appropriate committee or interim com-
31 mittee of the Legislative Assembly related to information management and technology. The
32 report required by this section shall include an update of the effectiveness of measures
33 undertaken by the department to ensure data security. The report shall address the pre-
34 vention of any sharing of data collected pursuant to section 2 of this 2022 Act:

35 (1) Within the department, between research staff and audit and collection staff.

36 (2) Between the department and the Internal Revenue Service.

37 (3) Between tax practitioners and commercial interests.

38 (4) Between tax preparation software vendors and commercial interests.

39 **SECTION 5a.** Section 5 of this 2022 Act is repealed on January 2, 2028.

40 **SECTION 6.** The Department of Revenue shall use data collected on the data collection
41 schedule required under section 2 of this 2022 Act:

42 (1) To the extent feasible, to inform:

43 (a) The development of racial impact statements;

44 (b) The analysis of proposed administrative rules and budget requests; and

45 (c) The response by the department to certain requests for information from the Legis-

1 **lative Assembly.**

2 **(2) If included in a report or other output, only in aggregated and anonymized form.**

3 **SECTION 7. (1) The Department of Revenue shall first attach the data collection schedule**
4 **required under section 2 of this 2022 Act to income tax returns filed for the 2022 tax year.**

5 **(2) The department shall develop programming and forms for the implementation of the**
6 **schedule and, by rule, shall adopt policies and procedures for the implementation of the use**
7 **of the schedule.**

8 **SECTION 8. This 2022 Act takes effect on the 91st day after the date on which the 2022**
9 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**

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