

Background

The concept of collecting race and ethnicity information through tax returns was first considered in [Senate Bill 1569](#) in 2022. That bill was not approved, but the concept was re-introduced in 2023 as [Senate Bill 1](#) (SB 1) that was signed into law in July 2023. As approved, SB 1 requires the Department of Revenue (DOR) to provide a method for Oregon taxpayers, and Oregonians without a filing requirement, to voluntarily self-identify (VSI) their race and ethnicity information for research purposes.

Status and Implementation of Data Collection Schedule (Form)

The bill requires the department to use race and ethnicity categories developed by the Oregon Health Authority (OHA). DOR continues its efforts to set-up the necessary systems to collect, store, and keep the information secure. A one-page form (Form OR-VSI) has been created using OHA's Race, Ethnicity, Language and Disability ([REALD](#)) form as a model.

Beginning January 2025, taxpayers may choose from 40 three-digit codes to identify their primary race or ethnicity and one or two additional three-digit codes to identify additional races or ethnicities. Alternatively, taxpayers may indicate they do not have or do not know their primary race or ethnicity. Instructions (Form OR-VSI Instructions) provide more detail about the form, use of the data, and basic steps for completing and filing the form. Forms will be available electronically through tax software and Revenue Online (ROL) or may be filed on paper.

Since Oregon is the first state to collect race and ethnicity information with a tax return, it is unknown how many taxpayers will submit their information voluntarily. It may take several years to gather meaningful data to analyze policy trends.

Data Security

The department's tax processing software will capture the race and ethnicity data submitted on the form, whether it's filed electronically or a scanned image when filed on paper. All race and ethnicity data will be stored in a secured database location on an internal application used by department Research staff for analysis. Within that application, the data will be stored separately and only staff authorized by Research leadership will have access to it, when required.

Prevention of Data Sharing

Within the Department – Security groups will be established within systems to allow for monitoring of authorized access.

With the IRS – The IRS does not access or retain state-specific taxpayer data but will be informed that IRS personnel are prohibited from accessing the race and ethnicity data.

Between Software Vendors and Commercial Interests – E-file software vendors must file the "Oregon Letter of Intent" (LOI) that signifies agreement to meet department standards and requirements to access and file Oregon returns and forms. The LOI states that the use or retention of information about a taxpayer's race or ethnicity, beyond the extent allowed by ORS 305.686, may result in the department revoking their status as an approved software provider.

Between Tax Practitioners and Commercial Interests – The department holds quarterly training sessions, and recent sessions included review of the VSI program, highlighting the confidentiality of data and prohibited use.

Summary

The VSI form and instructions will be available in early January 2025, at the same time as the 2024 tax return. People may voluntarily submit race and ethnicity data when they file either through software, tax professionals, ROL, or paper forms. Data security and confidentiality are very important, and the department is establishing necessary systems and processes to ensure the data are used and accessed only as required by law. While some data may be available in late 2025, it may take several years of data collection to gather meaningful information that can illustrate policy trends.

The Legislative Report on the Implementation of Senate Bill 1, August 2024 is [available here](#).

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