

Legislative Fiscal Office

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Joint Committee on Ways and Means

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Representative Tawna Sanchez, House Co-Chair

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Amanda Beitel, Legislative Fiscal Officer
Tom MacDonald, Deputy Legislative Fiscal Officer (Budget)
Paul Siebert, Deputy Legislative Fiscal Officer (Audit/IT)

To: General Government Subcommittee

From: Michael Graham, Legislative Fiscal Office

Date: June 6, 2023

Subject: SB 1 – Relating to data collected by the Department of Revenue
Work Session Recommendations

SB 1 directs the Department of Revenue to create a schedule within the personal income tax return for taxpayers to report race and ethnicity information voluntarily. The schedule must detail a complete list of demographic categories related to racial and ethnic identity, in alignment with the Oregon Health Authority's adopted uniform standards. The schedule also must allow taxpayers to identify a primary identifier and up to two additional identifiers.

The measure includes several data privacy restrictions to manage the use and security of the collected information throughout the data lifecycle, which include the following:

- *Allowable use.* The permissible use of the collected information is limited to the analysis of revenue policy, development of racial impact statements, analysis of proposed administrative rules and budget requests, and response to requests from the Legislative Assembly.
- *Data storage and access.* The Department of Revenue is required to maintain and store the collected data separately from other information provided on a tax return; and directed to restrict access to the information to the department's research and processing staff, along with personnel in the Office of Economic Analysis and the Legislative Revenue Office. The department also must maintain records of all departmental personnel with access to the race and ethnicity data.
- *Data reporting.* The measure requires all output information, including reports, to be presented only in aggregated and anonymized form.

The Department of Revenue is directed to implement the new tax return schedule starting with the 2024 tax year. Additionally, the department is required to report annually to the

Legislative Assembly, beginning in 2024, on the development and implementation of the data collection processes. The measure takes effect 91 days after adjournment *sine die*.

Recommended Changes

The –A3 amendment appropriates \$470,724 General Fund to the Department of Revenue and increases the department’s expenditure limitation by \$28,209 Other Funds in the 2023-25 biennium. This funding will support the development, configuration, and testing of the programming changes to the department’s IT systems, GenTax and Quick Modules; and the establishment of three positions (1.42 FTE) to implement the new tax form schedule.

LFO recommends adoption of the –A3 amendment.

MOTION: I move adoption of the –A3 amendment to SB 1. (VOTE)

Final Subcommittee Action

LFO recommends that SB 1, as amended by the –A3 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 1, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____