

**SB 1 A STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Action Date:** 04/03/23

**Action:** Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)

**Vote:** 4-1-0-0

**Yeas:** 4 - Boquist, Golden, Jama, Meek

**Nays:** 1 - Findley

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 1/31, 4/3

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**WHAT THE MEASURE DOES:**

Requires the Department of Revenue to enable personal income taxpayers to voluntarily report their self-identified race and ethnicity using the standards adopted by the Oregon Health Authority pursuant to ORS 413.161. Requires race and ethnicity data to be first collected beginning with tax year 2024. Requires data collected to be used for analysis of revenue policy, development of racial impact statements, analysis of proposed administrative rules and budget requests, and in response to requests from the Legislative Assembly. Requires data to be aggregated and anonymized if included in a report or other output. Limits data access to the Department of Revenue's Research Section and processing staff, the Legislative Revenue Office, and the Oregon Office of Economic Analysis. Requires Department of Revenue to maintain records sufficient to verify department personnel having access to race and ethnicity data. Limits the use of the data by tax professionals to the preparation and filing of tax returns. Requires the Department of Revenue to annually report on the development and implementation of the data collection and sharing to the Legislature beginning in 2024. Takes effect on the 91st day following sine die.

**ISSUES DISCUSSED:**

- No other states have enacted a similar policy
- Racial Impact Statement, data use for such purposes
- How race/ethnicity would be reported when filing tax return
- Suggested modifications from Department of Revenue
- Tax software companies
- Potential access to the race/ethnicity data
- Potential fiscal impact.

**EFFECT OF AMENDMENT:**

Added requirement of Department of Revenue to maintain records sufficient to verify department personnel having access to race and ethnicity data. Modified initial year of applicability to 2024, from 2023. Made clarifying changes.

**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 techniques. Depending on the qualitative results of the proposed voluntary reporting, a direct analysis of tax return data using this demographic information may be undertaken.