

Senate Bill 1

Sponsored by Senator WAGNER; Representative PHAM K (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 **as introduced**.

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 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 2024, 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, 2029.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

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

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

3 **SECTION 1. Section 2 of this 2023 Act is added to and made a part of ORS chapter 316.**

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

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

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

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

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

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

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

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

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

26 **SECTION 3. Sections 4 to 8 of this 2023 Act are added to and made a part of ORS chapter**
27

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.

1 305.

2 **SECTION 4.** (1) The Department of Revenue shall ensure that all data collected pursuant
3 to section 2 of this 2023 Act is used only for the purposes described in sections 2 and 7 of this
4 2023 Act.

5 (2) The department shall maintain and store data collected pursuant to section 2 of this
6 2023 Act separately from other information provided on tax returns filed under ORS chapter
7 316, and the data shall be accessible only to the following:

8 (a) Research section staff of the department.

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

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

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

15 (3) Tax practitioners and tax preparation software vendors may use and retain data col-
16 lected pursuant to section 2 of this 2023 Act only to the extent necessary to assist taxpayers
17 in the preparing and filing of returns required under ORS chapter 316 and may not use the
18 data, or allow it to be used, for any other reason.

19 (4) Notwithstanding any intergovernmental reciprocal agreements entered into by the
20 Department of Revenue, the department may not allow the Internal Revenue Service access
21 to the data collected under section 2 of this 2023 Act.

22 **SECTION 5.** Not later than September 15 of each year, beginning in 2024, the Department
23 of Revenue shall report, in the manner provided in ORS 192.245, on the status of the devel-
24 opment and implementation of the data collection schedule required under section 2 of this
25 2023 Act and on the use of the data collected, to an appropriate committee or interim com-
26 mittee of the Legislative Assembly related to information management and technology. The
27 report required by this section shall include an update of the effectiveness of measures
28 undertaken by the department to ensure data security. The report shall address the pre-
29 vention of any sharing of data collected pursuant to section 2 of this 2023 Act:

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

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

32 (3) Between tax practitioners and commercial interests.

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

34 **SECTION 6.** Section 5 of this 2023 Act is repealed on January 2, 2029.

35 **SECTION 7.** The Department of Revenue shall use data collected on the data collection
36 schedule required under section 2 of this 2023 Act:

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

38 (a) The development of racial impact statements;

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

40 (c) The response by the department to certain requests for information from the Legis-
41 lative Assembly.

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

43 **SECTION 8.** (1) The Department of Revenue shall first attach the data collection schedule
44 required under section 2 of this 2023 Act to income tax returns filed for the 2023 tax year.

45 (2) The department shall develop programming and forms for the implementation of the

1 schedule and, by rule, shall adopt policies and procedures for the implementation of the use
2 of the schedule.

3 **SECTION 9.** This 2023 Act takes effect on the 91st day after the date on which the 2023
4 regular session of the Eighty-second Legislative Assembly adjourns sine die.

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