

Enrolled Senate Bill 1

Sponsored by Senator WAGNER; Senators CAMPOS, DEMBROW, JAMA, PATTERSON, Representative PHAM K (Pre-session filed.)

CHAPTER

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 2023 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 schedule.

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

SECTION 3. Sections 4 to 8 of this 2023 Act are added to and made a part of ORS chapter 305.

SECTION 4. (1) The Department of Revenue shall:

(a) Ensure that all data collected pursuant to section 2 of this 2023 Act is used only for the purposes described in sections 2 and 7 of this 2023 Act.

(b) Maintain and store data collected pursuant to section 2 of this 2023 Act separately from other information provided on tax returns filed under ORS chapter 316, and provide that the data is accessible only to the following:

- (A) Research section staff of the department.
 - (B) Other department staff that are assigned to process the data and process or program the underlying systems for the data collection schedule, but only to the extent necessary for that purpose.
 - (C) The staff of the Legislative Revenue Office.
 - (D) The division of the Oregon Department of Administrative Services that serves as office of economic analysis.
- (c) Maintain records sufficient to verify that Department of Revenue personnel having access to data collected pursuant to section 2 of this 2023 Act are limited to those personnel listed in paragraph (b)(A) and (B) of this subsection and sufficient to ensure compliance with this subsection.
- (2) Tax practitioners and tax preparation software vendors may use and retain data collected pursuant to section 2 of this 2023 Act only to the extent necessary to assist taxpayers in the preparing and filing of returns required under ORS chapter 316 and may not use the data, or allow it to be used, for any other reason.
- (3) Notwithstanding any intergovernmental reciprocal agreements entered into by the Department of Revenue, the department may not allow the Internal Revenue Service access to the data collected under section 2 of this 2023 Act.

SECTION 5. Not later than September 15 of each year, beginning in 2024, the Department of Revenue shall report, in the manner provided in ORS 192.245, on the status of the development and implementation of the data collection schedule required under section 2 of this 2023 Act and on the use of the data collected, to an appropriate committee or interim committee of the Legislative Assembly related to information management and technology. The report required by this section shall include an update of the effectiveness of measures undertaken by the department to ensure data security. The report shall address the prevention of any sharing of data collected pursuant to section 2 of this 2023 Act:

- (1) Within the department, between research staff and audit and collection staff.
- (2) Between the department and the Internal Revenue Service.
- (3) Between tax practitioners and commercial interests.
- (4) Between tax preparation software vendors and commercial interests.

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

SECTION 7. (1) The Department of Revenue shall use data collected on the data collection schedule required under section 2 of this 2023 Act to the extent feasible, to inform:

- (a) The development of racial impact statements;
- (b) The analysis of proposed administrative rules and budget requests; and
- (c) The response by the department to certain requests for information from the Legislative Assembly.

(2) If the Department of Revenue, the Legislative Revenue Officer or the Oregon Department of Administrative Services includes data collected under section 2 of this 2023 Act in a report or as other output, the data shall be presented only in aggregated and anonymized form.

SECTION 8. (1) The Department of Revenue shall first attach the data collection schedule required under section 2 of this 2023 Act to income tax returns filed for the 2024 tax year.

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

SECTION 9. (1) Notwithstanding any other provision of law, the General Fund appropriation made to the Department of Revenue by section 1 (3), chapter __, Oregon Laws 2023 (Enrolled House Bill 5034), for the biennium beginning July 1, 2023, for the Personal Tax and Compliance Division, is increased by \$259,658, for developing a schedule allowing personal income taxpayers to voluntarily report self-identified race and ethnicity identifiers.

(2) Notwithstanding any other provision of law, the General Fund appropriation made to the Department of Revenue by section 1 (6), chapter ___, Oregon Laws 2023 (Enrolled House Bill 5034), for the biennium beginning July 1, 2023, for the Information Technology Services Division, is increased by \$164,842, for developing and maintaining data collection of self-identified race and ethnicity identifiers.

(3) Notwithstanding any other provision of law, the General Fund appropriation made to the Department of Revenue by section 1 (1), chapter ___, Oregon Laws 2023 (Enrolled House Bill 5034), for the biennium beginning July 1, 2023, for administration, is increased by \$46,224, for the research and development of racial impact statements.

SECTION 10. (1) Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 2 (3), chapter ___, Oregon Laws 2023 (Enrolled House Bill 5034), for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts and reimbursements from federal service agreements, but excluding lottery funds and federal funds not described in section 2, chapter ___, Oregon Laws 2023 (Enrolled House Bill 5034), collected or received by the Department of Revenue, for the Personal Tax and Compliance Division, is increased by \$6,357, for developing a schedule allowing personal income taxpayers to voluntarily report self-identified race and ethnicity identifiers.

(2) Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 2 (7), chapter ___, Oregon Laws 2023 (Enrolled House Bill 5034), for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts and reimbursements from federal service agreements, but excluding lottery funds and federal funds not described in section 2, chapter ___, Oregon Laws 2023 (Enrolled House Bill 5034), collected or received by the Department of Revenue, for the Information Technology Services Division, is increased by \$11,460, for developing and maintaining data collection of self-identified race and ethnicity identifiers.

(3) Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 2 (1), chapter ___, Oregon Laws 2023 (Enrolled House Bill 5034), for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts and reimbursements from federal service agreements, but excluding lottery funds and federal funds not described in section 2, chapter ___, Oregon Laws 2023 (Enrolled House Bill 5034), collected or received by the Department of Revenue, for administration, is increased by \$10,392, for the research and development of racial impact statements.

SECTION 11. This 2023 Act takes effect on the 91st day after the date on which the 2023 regular session of the Eighty-second Legislative Assembly adjourns sine die.

Passed by Senate June 20, 2023

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Lori L. Brocker, Secretary of Senate

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Rob Wagner, President of Senate

Passed by House June 21, 2023

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Dan Rayfield, Speaker of House

Received by Governor:

.....M,....., 2023

Approved:

.....M,....., 2023

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M,....., 2023

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Secretary of State