

Background

As drafted, Senate Bill 1 requires the Department of Revenue to allow taxpayers to voluntarily report their race and ethnicity as they file a personal income tax return beginning with 2023 tax returns to be filed in 2024. The department will offer individuals a choice of race and ethnicity categories as developed by the [Oregon Health Authority](#).

Implementation

Upon passage of SB 1, Oregon Department of Revenue will be the first in the nation to collect race and ethnicity data on state personal income tax returns. The collected data will be separated from all other data on the tax return, and accessible in raw format by only staff from the department Research section, the Legislative Revenue Office (LRO), and the Office of Economic Analysis (OEA). The bill will also provide the department with additional tools to fulfill the goals of our [Racial Equity Plan](#).

Confidentiality of taxpayer information and information security is critical to the work of the department. The department will report to the Joint Legislative Committee on Information Management and Technology on implementation and measures that protect race and ethnicity data from access or use by unauthorized people.

Suggested Amendments

Collecting and using data

- In Section 7, authorize LRO and OEA to use the race and ethnicity data.

The department anticipates reporting to legislative committees about the data collection in the coming years. LRO and OEA will have access to the data, but the bill does not address how these offices may use the data.

Timing of outreach and implementation

- In Section 8, begin data collection for the 2024 tax year rather than 2023.

During implementation, it is important to have robust and productive conversations with taxpayers, tax professionals, and tax software companies to ensure they are aware of the opportunity to provide data and its collection.

In February 2022, a similar bill (SB 1569) could have been approved by March. That timing would have allowed DOR to have important conversations and begin data collection in January 2023 for the 2022 tax year. The timing of approval of SB 1 is uncertain and may be too late to build taxpayer awareness and software functionality.

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