

HB 4016 A STAFF MEASURE SUMMARY

House Committee On Revenue

Action Date: 02/11/26

Action: Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed A-Eng.)

Vote: 5-1-1-0

Yeas: 5 - Hudson, Marsh, Nathanson, Smith G, Walters

Nays: 1 - Reschke

Exc: 1 - Levy B

Fiscal: Fiscal impact issued

Revenue: Has minimal revenue impact

Prepared By: Jonathan Hart, Economist

Meeting Dates: 2/2, 2/11

WHAT THE MEASURE DOES:

Requires any person or business that provides a state agency goods or services through a contract valued over \$250,000 to demonstrate compliance with tax laws. Requires compliance with state and local tax programs administered by the Department of Revenue (DOR) with the exception of property taxes. Includes owners with at least 20 percent ownership interest in contracting business. Requires contractor and owners to obtain a certificate of tax compliance from DOR and to provide that certificate to the contracting agency before entering, renewing, or extending a contract and for increase in contract values. Requires DOR to provide a certificate of compliance to a contractor and each owner within 14 days of request if they are in compliance and requires certificate be dated no more than six months prior to contract execution. Requires contractors to self-attest to tax compliance for contracts at or below \$250,000. Applies agency contracting requirements beginning January 1, 2027. Requires Secretary of State to study methods to ensure the Corporation Division business registry is reliable and sufficient and collected and maintained in a manner most effective to ensure tax compliance. Requires submission of preliminary report by December 31, 2026, and a final report during the 2027 legislative session. Takes effect on the 91st day after sine die.

ISSUES DISCUSSED:

- DOR Tax Compliance Certification issuance process and statistics
- Tax compliance for people and businesses contracting with the state

EFFECT OF AMENDMENT:

Replaces bill.

BACKGROUND:

The process that state agencies follow when procuring goods and services is governed by statute, agency policy, and agency administrative rules. In most cases, agencies, boards, and commissions are required to follow the policies and administrative rules adopted by the Department of Administrative Services (DAS). Under the Public Contracting Code (Chapters 279A, 279B, and 279C) subject agencies are currently required to determine that contractors comply with Oregon tax laws by having contractors self-attest to compliance status and promise to continue to comply (ORS 279B.045).

The requirements in the bill would be in addition to collection requirements currently in place. The Oregon Accounting Manual (OAM 35.30.90.102) includes a policy referred to as the “vendor offset program” or “vendor

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coordination” requiring the state to make reasonable efforts to collect state agency accounts receivable (if assigned to Department of Revenue for collection) by reducing payments to vendors to apply to the delinquent debt.