



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2026 Regular Session

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 Date: February 11, 2026

Bill Title: Relating to tax compliance; prescribing an effective date.

Government Unit(s) Affected: Cities, Department of Justice, Counties, Department of Revenue, Judicial Department, Legislative Revenue Office, Secretary of State, Statewide - Executive Branch, TriMet

Summary of Fiscal Impact:

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Revenue	\$ 348,848	\$ -	\$ 74,705	\$ -	\$ 423,553	5	1.75
Total Fiscal Impact	\$ 348,848	\$ -	\$ 74,705	\$ -	\$ 423,553	5	1.75

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Revenue	\$ 906,455	\$ -	\$ 211,043	\$ -	\$ 1,117,498	5	5.00
Total Fiscal Impact	\$ 906,455	\$ -	\$ 211,043	\$ -	\$ 1,117,498	5	5.00

- The Department of Revenue (DOR) splits personal service expenditures between General Fund and Other Funds. The split for the Personal Tax and Compliance division (PTAC) is 97.6% General Fund and 2.4% Other Funds, for the Business division is 49.6% General Fund and 50.4% Other Funds, and for the Collection division is 63.3% General Fund and 36.7% Other Funds.

Measure Description

The measure modifies tax compliance certification requirements for contracts with state agencies, defines “owner” as an owner with at least a 20% ownership interest in a provider, and specifies that “tax” includes associated penalties and interest. The measure provides that a contract or other agreement to provide goods, services, or real estate space to a state agency, other than political subdivisions, may not be entered into, renewed, or extended unless the provider and specified owners certify that they are not in violation of certain tax laws and provide a certificate from DOR verifying tax compliance.

The measure establishes certification requirements and directs DOR to issue a certificate within 14 days of a request. Under current law, a certificate is not required if the value of goods, services, or real estate space is under \$1,000. The measure increases this threshold to \$250,000; therefore, prior to entering, renewing, or extending a contract valued at more than \$250,000, or increasing the contract value, providers are required to obtain a certificate. The measure prohibits execution of a contract if the required certification is not provided to the agency.

The measure directs the Secretary of State (SOS) to study methods to ensure information collected through the Corporation Division’s business registry supports compliance with state tax laws by persons doing business in Oregon. SOS must assess whether current statutes, rules and division capacity are sufficient to maintain a

reliable and current business registry and consult with the DOR, the Department of Justice (DOJ) and the Legislative Revenue Officer (LRO).

Fiscal Analysis

The fiscal impact is estimated to be \$348,848 General Fund, \$74,705 Other Funds, and five permanent full-time positions (1.75 FTE) in the 2025-27 biennium and \$906,455 General Fund, \$211,043 Other Funds, and five positions (5.00 FTE) in the 2027-29 biennium.

Department of Revenue

The fiscal impact for DOR is estimated to be \$348,848 General Fund, \$74,705 Other Funds, and five permanent full-time position (1.75 FTE) in the 2025-27 biennium and \$906,455 General Fund, \$211,043 Other Funds, and five permanent full-time position (5.00 FTE) in the 2027-29 biennium.

Based on state procurement data from the Department of Administrative Services, DOR estimates approximately 1,603 contracts per year will exceed the threshold, with an average of 2.5 owners per entity or 4,007 owner compliance requests, resulting in approximately 5,610 additional compliance requests annually. To manage this increased workload, DOR anticipates needing five permanent full-time positions. Reviewing, processing, and certifying tax compliance is performed by PTAC, the Business division, and Collections division.

For PTAC this includes two Public Service Representative (PSR) 4 positions (0.75 FTE) to process both initial submissions and resubmissions from incomplete data for business and owner requests and one Operations and Policy Analyst (OPA) 2 (0.38 FTE) to coordinate and oversee the tax compliance program and provide customer support. For the Business division this includes one PSR 4 (0.38 FTE) to review and process approximately 2,000 additional requests per year and for the Collections division this includes one OPA 2 (0.25 FTE) to review and process approximately 5,610 additional requests per year for both businesses and owners.

Other entities

There is a minimal fiscal impact for DOJ, LRO, Oregon Judicial Department, SOS, and all remaining state agencies.

There is no fiscal impact for cities, counties, or TriMet.

Relevant Dates

Section 5 of the measure is repealed on January 2, 2028.

Amendments to ORS 279B.110, 305.380, and 305.385 by sections 1 to 3 become operative January 1, 2027.

The measure takes effect on the 91st day after sine die.