

Senate Bill 1556

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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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act changes the laws for the magistrate division of the Oregon Tax Court. (Flesch Readability Score: 65.7).

Consolidates statutes governing the representation of parties before the magistrate division of the Oregon Tax Court.

Applies to proceedings commenced on or after January 1, 2027.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to representation of persons in the magistrate division of the Oregon Tax Court; creating new provisions; amending ORS 305.239, 305.242 and 305.875; repealing ORS 305.245 and 305.494; and prescribing an effective date.

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

SECTION 1. Section 2 of this 2026 Act is added to and made a part of ORS 305.404 to 305.560.

SECTION 2. (1) Notwithstanding ORS 8.690, 9.160, 9.320 or 203.145 or ORS chapter 180, and notwithstanding ORS 9.241 or any rule adopted thereunder unless the rule particularly refers to the magistrate division of the Oregon Tax Court, in lieu of appearing by an attorney who is an active licensee of the Oregon State Bar:

(a) A party to a proceeding in the magistrate division of the Oregon Tax Court may be represented by a natural person designated by the party and recognized by the court as an authorized representative under this section.

(b) A party that is represented under this subsection is bound by all things done by the authorized representative and may not thereafter claim that any proceeding was legally defective because the party was not represented by an attorney licensed to practice law in Oregon.

(c)(A) A taxpayer that is a natural person may designate as the taxpayer's representative any other natural person, including a certified public accountant, an individual who is licensed as a real estate broker or principal real estate broker under ORS 696.022, an individual who is a state certified appraiser or state licensed appraiser under ORS 674.310 or is a registered appraiser under ORS 308.010, a tax preparer or tax consultant licensed under ORS 673.605 to 673.740 or a family member of the taxpayer.

(B) A taxpayer that is a legal entity must designate as the taxpayer's representative in the magistrate division of the Oregon Tax Court a natural person, which may include a certified public accountant, an individual who is licensed as a real estate broker or principal real

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.

estate broker under ORS 696.022, an individual who is a state certified appraiser or state licensed appraiser under ORS 674.310 or is a registered appraiser under ORS 308.010, a tax preparer or tax consultant licensed under ORS 673.605 to 673.740 or an owner, partner, shareholder, member, officer or employer of the legal entity.

(c) Any other party, including the Department of Revenue or a local government, must designate as the party's representative in the magistrate division of the Oregon Tax Court an officer or authorized employee of the party or of the administrator of the tax at issue before the tax court.

(2)(a) A taxpayer shall designate a representative under this section by filing with the court a written authorization in a form acceptable to the court.

(b) Any other party shall designate a representative under this section by filing a pleading, motion or notice with the court naming the representative on behalf of the party.

(3) The court shall recognize a representative for purposes of this section upon designation as provided under subsection (2) of this section, or may recognize a representative when it appears to the satisfaction of the magistrate that a representative has authority to represent the party.

(4) Upon recognizing a representative of a taxpayer other than an attorney licensed to practice law in Oregon, the court shall provide written notice of the recognition to all parties, and shall include with the notice a statement of the provisions of subsection (1)(b) of this section.

(5) The represented party, or the court on its own motion, may revoke the authority of an authorized representative to represent a party in a particular case.

(6) A representative recognized by the court under this section shall also be recognized by the Department of Revenue as the authorized representative of the party for purposes of a related proceeding in the magistrate division of the Oregon Tax Court.

SECTION 3. ORS 305.239 is amended to read:

305.239. (1) Notwithstanding ORS 9.320:

(a) Any person who is qualified to practice law or public accountancy in this state, any person who has been granted active enrollment to practice before the Internal Revenue Service and who is qualified to prepare tax returns in this state or any person who is the authorized employee of a taxpayer and is regularly employed by the taxpayer in tax matters may represent the taxpayer before [a tax court magistrate or] the Department of Revenue in any conference or proceeding with respect to the administration of any tax.

(b) Any person who is licensed by the State Board of Tax Practitioners or who is exempt from such licensing requirement as provided for and limited by ORS 673.610 may represent a taxpayer before [a tax court magistrate or] the department in any conference or proceeding with respect to the administration of any tax on or measured by net income.

(c) Any shareholder of an S corporation, as defined in section 1361 of the Internal Revenue Code, as amended and in effect on December 31, 2023, may represent the corporation in any proceeding before [a tax court magistrate or] the department in the same manner as if the shareholder were a partner and the S corporation were a partnership. The S corporation must designate in writing a tax matters shareholder authorized to represent the S corporation.

(d) An individual who is licensed as a real estate broker or principal real estate broker under ORS 696.022 or is a state certified appraiser or state licensed appraiser under ORS 674.310 or is a registered appraiser under ORS 308.010 may represent a taxpayer before [a tax court magistrate or]

the department in any conference or proceeding with respect to the administration of any ad
valorem property tax.

(e) A general partner who has been designated by members of a partnership as their tax matters partner under ORS 305.242 may represent those partners in any conference or proceeding with respect to the administration of any tax on or measured by net income.

(f) Any person authorized under rules adopted by the department may represent a taxpayer before the department in any conference or proceeding with respect to any tax. Rules adopted under this paragraph, to the extent feasible, shall be consistent with federal law that governs representation before the Internal Revenue Service, as federal law is amended and in effect on December 31, 2023.

[(g) Any person authorized under rules adopted by the tax court may represent a taxpayer in a proceeding before a tax court magistrate.]

(2) A person may not be recognized as representing a taxpayer pursuant to this section unless there is first filed with the *[magistrate or]* department a written authorization, or unless it appears to the satisfaction of the *[magistrate or]* department that the representative does in fact have authority to represent the taxpayer. A person recognized as an authorized representative *[under rules or procedures adopted]* by the tax court shall be considered an authorized representative by the department **for the purpose of a proceeding in the magistrate division of the tax court.**

(3) A taxpayer represented by someone other than an attorney is bound by all things done by the authorized representative, and may not thereafter claim any proceeding was legally defective because the taxpayer was not represented by an attorney.

(4) Prior to the holding of a conference or proceeding before the *[tax court magistrate or]* department, written notice shall be given by the *[magistrate or]* department to the taxpayer of the provisions of subsection (3) of this section.

SECTION 4. ORS 305.242 is amended to read:

305.242. (1)(a) When the treatment of partnership items on a partner's return is consistent with the treatment of that item on the partnership return and results in a notice of deficiency, the partners may designate a tax matters partner to represent each of them before the Department of Revenue in any conference or *[before a tax court magistrate]* in any proceeding with respect to the administration of any tax on or measured by net income.

(b) Notwithstanding paragraph (a) of this subsection, a tax matters partner shall be designated as provided in ORS 314.733 (2), in the case of a partnership subject to ORS 314.731 to 314.737.

(2) The designation of a tax matters partner shall be made in writing and filed with the department *[or magistrate]* within 30 days after the date of the notice of deficiency. The tax matters partner must be:

(a) A general partner in the partnership at some time during the taxable year; or

(b) A general partner in the partnership at the time the designation is made.

(3) If a notice explaining the partnership adjustments is mailed by the department to the tax matters partner with respect to any partnership taxable year, the tax matters partner shall supply the department *[or, if applicable, the magistrate]* with the name, address, profits interest and taxpayer identification number of each person who was a partner in the partnership at any time during the taxable year, unless that information was provided in the partnership return for that year.

(4) A timely request for a conference filed with the department *[or appeal filed with the tax court]* by the tax matters partner shall be considered as a request *[or an appeal]* by all of the partners represented by the tax matters partner, and all issues regarding treatment of partnership items

shall be resolved in a single conference.

(5) A partner who elects to be represented by a tax matters partner, or any partner in a partnership subject to ORS 314.731 to 314.737, shall be bound by all things done by the tax matters partner and may not thereafter claim that any act or proceeding was legally defective because the partner was not represented by an attorney.

SECTION 5. ORS 305.875 is amended to read:

305.875. In any meeting or communication with the Department of Revenue, including but not limited to audits, conferences, interviews and any other meeting or communication between the taxpayer and the department, the taxpayer shall have the following rights, unless waived by the taxpayer:

(1) The right to an explanation, by an officer or employee of the department before or during the meeting of:

(a) The audit, conference or meeting process and the taxpayer's rights under such process; and

(b) The collection process and the taxpayer's rights under such process.

(2) The right to make an audio recording of any meeting relating to the determination or collection of any tax with the department representative, using the taxpayer's own equipment, and at the taxpayer's own expense.

(3) If the department makes an audio recording of the meeting, the taxpayer has the right to advance notice of the recording and a copy of the recording upon request. The taxpayer shall reimburse the department the reasonable cost of the copy.

(4) The right to consult with an attorney, certified public accountant, enrolled agent, or an other person permitted to represent a taxpayer at any meeting before the department, if the taxpayer clearly states to the department representative at any time during any meeting, that the taxpayer wishes to consult with the person. This subsection does not apply to a meeting initiated by an administrative subpoena.

(5) The right to be represented by anyone who is permitted to represent the taxpayer before the department, as provided under ORS 305.239 and [305.245] **section 2 of this 2026 Act**.

(6) The right not to be present, if represented, at the meeting unless subpoenaed by the department pursuant to ORS 305.190, or other laws of this state.

SECTION 6. ORS 305.245 and 305.494 are repealed.

SECTION 7. Section 2 of this 2026 Act, the amendments to ORS 305.239, 305.242 and 305.875 by sections 3 to 5 of this 2026 Act and the repeal of ORS 305.245 and 305.494 by section 6 of this 2026 Act apply to proceedings commenced in the magistrate division of the Oregon Tax Court on or after January 1, 2027.

SECTION 8. This 2026 Act takes effect on the 91st day after the date on which the 2026 regular session of the Eighty-third Legislative Assembly adjourns sine die.