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NOTICE OF PROPOSED RULEMAKING

INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 150
DEPARTMENT OF REVENUE

FILED: 10/28/2026 3:16 PM
ARCHIVES DIVISION SECRETARY OF STATE

FILING CAPTION: Amends and repeals rules to implement House Bill 4016 (2026).

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 11/30/2026 5:00 PM
The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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HEARING(S)
Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 11/30/2026
TIME: 10:00 AM
OFFICER: Robert Oakes

REMOTE HEARING DETAILS
MEETING URL: Click here to join the meeting
PHONE NUMBER: 503-446-4951
SPECIAL INSTRUCTIONS:
Join by Teams video: https://teams.microsoft.com/meet/251681158450252?p=7J1heDjIJzVCphlaMb
Meeting ID: 251 681 158 450 252
Passcode: zc7xc3BH

Join by phone: 503-446-4951
Conference ID: 505 911 277#

NEED FOR THE RULE(S):

House Bill 4016 (2026) requires that state contracts with a value greater than $250,000 include a tax compliance certificate for the provider and any owner with 20 percent or more interest in the provider. The department's existing rules for tax compliance certificates need to be updated to align with the new requirements, to remove unnecessary provisions, and to exempt certain contracts from the requirements.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

House Bill 4016, available on the website of the Oregon legislature.

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE:

No impacts to racial equity in this state have been identified.

FISCAL AND ECONOMIC IMPACT:

The proposed rule amendments align administrative rule with statute changes in House Bill 4016 and additionally exempt certain contracts from the requirements. The rules are not anticipated to have a fiscal or economic impact.

COST OF COMPLIANCE:
(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) The proposed rule amendments will slightly decrease the cost of compliance with House Bill 4016 for state agencies by exempting certain contracts from the requirements of the bill. Local governments and the public are not expected to be impacted.
(2)(a) According to the federal Small Business Administration, Oregon has approximately 417,747 small businesses with fewer than 500 employees, which employ approximately 53.4% of the state's workforce. Based on this information and information from the Oregon Employment Department reporting number of employees, we estimate that 105,599 small businesses in the state of Oregon with fewer than 50 employees are potentially subject to this rule.
(b) Small businesses pursuing a state contract with a value of more than $250,000 will need to ensure that the request for a tax compliance certificate is made by an individual authorized to represent the business before the Department of Revenue. This may require minor administrative work, such as filing a form to update the business owners of record with the department.
(c) Minor administrative work will be required from small businesses to comply with the rule if seeking a state contract with a value of more than $250,000.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

The Department of Revenue reached out to representatives of small businesses through a Rules Advisory Committee regarding the proposed rule amendments.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

RULES PROPOSED:
150-305-0302, 150-305-0304, 150-305-0306, 150-305-0308

AMEND: 150-305-0302

RULE SUMMARY: This rule related to tax compliance certificates is being amended to maintain consistency with the

changes implemented by House Bill 4016 (2026). Emergency and small procurements are also being exempted from the tax compliance requirements.

CHANGES TO RULE:

150-305-0302
Contracts Requiring ~~Certificate of~~ Compliance with Oregon Tax Laws ¶

(1) ~~An agency must obtain a certificate of compliance with Oregon tax laws from providers before entering into certain contracts. Those contracts or agreements under which goods, services, or real estate space will be provided directly to such agencies in the future require certification.~~ ¶
~~(a) For purposes of this rule, "agency" means any department, board, commission, division or authority of the State of Oregon, or any political subdivision of this state which imposes a local tax administered by the Department of Revenue under ORS 305.620. See ORS 305.380(1).~~ ¶
~~(b) For purposes of this rule, "tax" means those programs listed in ORS 305.380(4). Examples include the estate tax, personal income tax, withholding tax, corporation income and excise taxes, amusement device tax, timber taxes, cigarette tax, other tobacco tax, 9-1-1 emergency communications tax, and local taxes administered by the Department of Revenue (Lane Transit District Self-Employment Tax, Lane Transit District Employer Payroll Tax, Tri-Metropolitan Transit District Employer Payroll Tax, and Tri-Metropolitan Transit District Self-Employment Tax).~~ ¶
~~(c) For purposes of this rule, "provider" mean~~For purposes of this rule, "provider" has the meaning given that term in ORS 305.380. It include<u>s</u> any individual, corporation, association, firm, partnership, or joint stock company who contracts to supply goods, services, or real estate space to an agency~~. See ORS 305.380(3). O~~, and o<u>ut-</u>~~-~~<u>of-</u>~~-~~state and nonprofit entities are included in this definition. ~~The term provider shall not in~~<u>It ex</u>clude<u>s</u> the United States, its territories or possessions, state, local<u>, Indian tribal,</u> or foreign governments, and the political subdivisions and agencies thereof.¶
(2) ~~The following contracts do not require contractor certification:~~ ¶
~~(a) Purchase or~~<u>Unless exempt under section (3) of this rule, an agency entering, renewing, or extending a contract with a provider or owner to supply goods, services, or real estate space must:¶</u>
<u>(a) Obtain written self-certification of tax compliance from the provide</u>r~~s~~ and ~~contract release orders issued by state agencies to vendors or providers.~~ ¶
~~(b) Credit card purchases. The contract requiring a certificate of compliance with Oregon tax laws is between the agency in whose name the credit card is issued and the issuer of the credit card; not the agency and the vendor of goods and services purchased with the credit card~~<u>owner; and¶</u>
<u>(b) For a contract with a value greater than $250,000, obtain a tax compliance certificate issued by the department under OAR 150-305-0304 for the provider and each owner.¶</u>
<u>(3) The following contracts are exempt from the requirements of ORS 305.385(6):¶</u>
<u>(a) Purchase orders and other ordering instruments issued against price agreements by state agencies to vendors or providers.¶</u>
<u>(b) Credit card purchases</u>. ¶
(c) Third party contracts and purchases. Many agencies pay for goods or services that are provided to third parties. Some examples are:¶
(A) Adult and Family Services (AFS) pays physicians directly for service provided to AFS clients.¶
(B) Seniors and People with Physical Disabilities (SPPD) enters into "provider agreements" with nursing homes for the benefit of elderly residents of those nursing homes. Payment is made directly by SPPD to the nursing home.¶
(C) Reimbursement of travel expenses. State agencies make payments to their employees to reimburse travel expenses such as meals, lodging, airfare, and automobile expenses. The costs have been incurred by the employee directly.¶
(d) Contracts ~~with a consideration of no more than $1,000~~<u>issued as emergency procurements when authorized by law.¶</u>
<u>(e) Contracts issued as small procurements under ORS 279B.065</u>.
Statutory/Other Authority: ORS 305.100
Statutes/Other Implemented: ORS 305.385

AMEND: 150-305-0304

RULE SUMMARY: This rule related to tax compliance certificates is being amended to maintain consistency with the changes implemented by House Bill 4016 (2026). Provisions related to self-certification of tax compliance are also being removed.

CHANGES TO RULE:

150-305-0304
Certificate of Compliance With Oregon Tax Laws ¶

(1) ~~The Department of Revenue may issue a certificate of tax compliance to a taxpayer upon request. The~~A taxpayer may request a certificate of tax compliance from the Department of Revenue. A certificate ~~acts as an official acknowledgement by the depart~~serves as the department's acknowledgement that the taxpayer is in compliance with all tax or fee programs administered by the department to which the taxpayer is subject, including any local tax administered by the department under ORS 305.620, as of the date the certificate is issued based on information available to the department. For purposes of this rule, a taxpayer is "subject" to a tax or fee program if the taxpayer is required to file a report or return or pay any tax or fee for that program under any law administered by the department.¶
(2) A taxpayer is considered ~~in compliance for purposes of this rul~~to be in tax compliance, and the department will issue a certificate to the taxpayer, if all required returns or reports have been filed for the three years preceding the date ~~of the request for a certificate of~~that tax compliance~~;~~ is reviewed and:¶
(a) All tax and fee assessments, including any applicable penalties and interest, are paid in full for all tax and fee programs to which the taxpayer is subject, or the taxpayer has a pending good faith appeal in the Oregon Tax Court or Oregon Supreme Court of any assessment that remains unpaid; or¶
(b) The taxpayer is in compliance with a department-approved payment plan for all assessed taxes and fees owed by the taxpayer for department administered programs to which the taxpayer is subject.¶
(3) If ~~the~~a taxpayer has not met the requirements of section (2) of this rule for all tax and fee programs to which they are subject, the department will notify the~~m~~ taxpayer that they are not in compliance and provide them with information on how to achieve tax compliance. The~~ notification from the department under this section does not constitute a certificate of tax compliance.¶~~
~~(4) A taxpayer required to attest or certify under ORS 279B.110(2)(c), ORS 305.385(6), or any other law that requires the taxpayer to provide a statement of compliance that is not issued by the Department, regarding the taxpayer's compliance with Oregon tax laws and local taxes administered by the department may request a certificate of tax compliance under section (1) of this rule as a method of certifying tax compliance in lieu of providing a written statement, signed under penalty of perjury, as further described in this section.¶~~
~~(a) A written statement provided in lieu of a certificate issued by the Department under section (1) of this rule shall contain the following elements:¶~~
~~(A) For individuals, including sole proprietors and individual owners of disregarded business entities, a statement certifying under penalty of perjury that the individual is, to the best of the individual's knowledge, in compliance with all Oregon tax laws administered by the department.¶~~
~~(B) For corporations, partnerships, estates, trusts, and all other non-disregarded entities, a statement by an individual authorized by the entity certifying under penalty of perjury that the entity is, to the best of the representative's knowledge, in compliance with all Oregon tax laws administered by the department.¶~~
~~(b) Notarization by a notary public is not required.¶~~
~~(c) An example of an acceptable format for the certificate is: [See PDF link below.] ¶~~
~~(5~~is notification does not constitute a certificate of tax compliance.¶
(4) A certificate issued under ~~section (1) of~~ this rule certifies that a taxpayer is in tax compliance only as of the date it is issued ~~and~~. It does not affect the authority of the department to conduct an examination of any return or report of a taxpayer or to issue any assessment it determines is appropriate for any tax or fee program to which the taxpayer is subject.
Statutory/Other Authority: ORS 305.100
Statutes/Other Implemented: ORS 305.385, 418.255, 475C.037, Governor's Executive Order 17-09

REPEAL: 150-305-0306

RULE SUMMARY: The provisions in this rule are mostly duplicative of provisions in OAR 150-305-0304 and are no longer necessary.

CHANGES TO RULE:

~~150-305-0306~~
~~Circumstances Not in Violation of Oregon Tax Laws~~
~~(1) For purposes of ORS 305.385(6), a taxpayer complying with an acceptable payment arrangement for satisfaction of an unpaid tax obligation is not in violation of the tax laws as they relate to that unpaid tax. Any taxpayer complying with an acceptable payment arrangement may sign the certificate of compliance in good faith if no other Oregon tax laws have been violated. A provisional certificate of good standing, provided by ORS 305.385(5), is not necessary.¶~~
~~(2) A taxpayer is not in violation of the tax laws as they relate to an unpaid tax, if that unpaid tax is under appeal as provided under ORS Chapter 305.~~
~~Statutory/Other Authority: ORS 305.100~~
~~Statutes/Other Implemented: ORS 305.385~~

REPEAL: 150-305-0308

RULE SUMMARY: This rule contains obsolete provisions and is unnecessary following the passage of House Bill 4016 (2026).

CHANGES TO RULE:

~~150-305-0308~~
~~Annual Certification Requirement~~
~~(1) An agency shall obtain a written certification of compliance with the tax laws listed in ORS 305.380(4) from each provider of goods, services, or real estate space. The written certification may be obtained either:¶~~
~~(a) Annually; or¶~~
~~(b) With each contract or other agreement entered into, renewed or extended if the agency does not anticipate contracting with the provider frequently (i.e., one time only or less than once a year).¶~~
~~(2) A certificate shall be obtained prior to entering into a price agreement with a provider. Certificates do not need to be obtained with individual contract release orders executed under the price agreement.¶~~
~~Example: The Department of General Services enters into a price agreement with the Tree Paper Company for the purchase of paper and obtains a written certification of compliance with the tax laws. During the next two years the Department of Revenue executes contract release orders (CROs) with Tree Paper Company for additional paper. The Department of Revenue does not need to obtain a certificate for any CRO delivered to Tree Paper Company that is under the original price agreement.~~
~~Statutory/Other Authority: ORS 305.100~~
~~Statutes/Other Implemented: ORS 305.385~~