

REVENUE: May have revenue impact, statement not yet issued
FISCAL: No fiscal impact

Action: Do Pass as Amended and Be Printed Engrossed, Rescind the Subsequent Referral to the Committee on Ways and Means and Be Referred to the Committee on Revenue

Vote: 8 - 0 - 1

Yeas: Barker, Bonamici, Cameron, Komp, Krieger, Read, Whisnant, Macpherson

Nays: 0

Exc.: Flores

Prepared By: Matt Kalmanson, Counsel

Meeting Dates: 4/13, 4/30

WHAT THE MEASURE DOES: Establishes that a local government may impose a personal income tax only if: (1) all local, state and federal retirees are exempted from the tax; or (2) all retired police officers or firefighters who were employed by a non-Oregon Public Employees Retirement Fund (PERS) public employer are provided benefit increases to compensate them for the taxation of their retirement benefits, and the non-PERS public employer does not decrease any other benefit because of the increases mandated by the bill.

ISSUES DISCUSSED:

- Taxation of retirement benefits
- Multnomah County's income tax
- Impact of county tax on PERS benefits and non-PERS benefits
- Impact on police and firefighters

EFFECT OF COMMITTEE AMENDMENT: Establishes that a local government may impose a personal income tax only if: (1) all local, state and federal retirees are exempted from the tax; or (2) all retired police officers or firefighters who are employed by a non-PERS public employer are provided benefit increases to compensate them for the taxation of their retirement benefits, and the non-PERS public employer does not decrease any other benefits because of the increases mandated by the bill.

BACKGROUND: In 1989, the United States Supreme Court ruled that states must tax (or not tax) all state and federal retirement income in the same manner. The legislature attempted numerous different solutions to the problems raised by this decision, eventually providing, among other things, that benefits paid from the Oregon Public Employees Retirement Fund (PERS) are not subject to local taxation. In 2003, Multnomah County enacted a personal income tax. Following state and federal law, the county exempted PERS and federal pension plans from the tax, but not other public retirement programs that were not paid from the Oregon Public Employees Retirement Fund. Included in the group of retirees whose benefits were taxed by Multnomah County were retired police officers and firefighters. HB 3129 A would require local governments who wish to tax personal income to either exempt all retirees from the tax, or require compensation for the non-PERS retirees.