

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number: SB 34-A Revised
Area: Transit District Tax
Economist: Mazen Malik
Date: 5/4/2009

Measure Description:

Authorizes increase in employer payroll tax for transit districts from seven-tenths to eight-tenths of one percent of wages paid. Requires any increase to be phased in over ten years, with a maximum 0.02 percent annual increment.

Revenue Impact:

This measure can raise payroll taxes \$45 to \$50 million when fully implemented. It applies only to the transit districts that have the authority to levy this tax. The increase however, will be incrementally spread over a number of years (up to 10 years), and each year's increase cannot exceed (0.02%).

Impact Explanation:

The payroll and self-employment tax that is collected currently by Lane Transit and Tri-Met at Portland totaled \$225 million in Fiscal Year 2007 and \$239 million in Fiscal Year 2008. The increase from seven-tenths to eight-tenths of one percent of wages paid represents an allowance to raise the transit tax rate by 14.3%. However, this is an enabling legislation and it needs additional steps before the tax can be raised and phased in over the period of ten years. The implementation of these increases are also based on the incremental process that will be adopted by the transit districts, after evaluation of economic conditions of the district.

Creates, Extends, or Expands Tax Expenditure: Yes No