

**75TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: SB 34 A
CARRIER: Rep. Kahl**

REVENUE: Issued - Revenue Impact

FISCAL: No - Fiscal Impact

Action: Do Pass.

Vote: 6-4-0

Yeas: Bailey, Gelser, Kahl, Read, Riley, Barnhart

Nays: Bentz, Berger, Bruun, Sprenger

Exc.: 0

Prepared By: **Mazen Malik**, Economist

Meeting Dates: 05/18

WHAT THE BILL DOES: 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.

ISSUES DISCUSSED:

- Leveraging federal matching funds and support for jobs.
- The history of the tax rate, 1969 (0.6%), and 2003 legislation (0.7%).
- 50-55% of budgets, and vital for operation of the system.
- The transit section of the 2009 Transportation Package.
- 10 years span period to raise the tax (with 0.02 increments).
- Three economists to make the determination and profile for the increase.
- Impact on freeing highway capacity, and moving people (mobility effects).
- Impact of tax increase on businesses.

EFFECT OF COMMITTEE AMENDMENTS: No amendments

BACKGROUND:

Oregon's transit payroll tax is administered by the Oregon Department of Revenue for the Tri-County Metropolitan Transportation District (Tri-Met) and the Lane County Mass Transit District (LTD). The Tri-Met district includes parts of the three Portland-area counties, Multnomah, Washington, and Clackamas. LTD serves the Eugene-Springfield area in Lane County. The department publishes "Transit Payroll Taxes for Employers", a guide to Tri-Met and Lane Transit payroll taxes. The transit tax is imposed directly on employers, for the amount of gross payroll paid for services performed within the Tri-Met or LTD district, including salaries, commissions, bonuses, fees, or other items of value paid to persons for services performed within the transit district. The tax also applies on net earnings from self-employment. Current law specifies that there needs to be a determination by the board that the economy in the district has recovered enough to sustain a tax increase. The tax increase is designed to be implemented over 10 years, with a 0.02% as maximum increments for any one year.

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