

**A-Engrossed**  
**Senate Bill 34**

Ordered by the Senate April 28  
Including Senate Amendments dated April 28

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Transportation)

**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.

*[Ties tax on motor vehicle fuel to percentage of average price of motor vehicle fuel in Oregon.]*  
*[Takes effect on 91st day following adjournment sine die.]*

**Authorizes mass transit districts to increase employer payroll tax and tax on self-employment earnings.**

**Requires districts to phase in any increase in taxes.**

**A BILL FOR AN ACT**

1  
2 Relating to taxation; creating new provisions; amending ORS 267.385; and repealing sections 8 and  
3 9, chapter 739, Oregon Laws 2003.

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

5 **SECTION 1.** ORS 267.385 is amended to read:

6 267.385. (1) To carry out the powers granted by ORS 267.010 to 267.390, a district may by ordi-  
7 nance impose an excise tax on every employer equal to not more than *[seven-tenths]* **eight-tenths**  
8 of one percent of the wages paid with respect to the employment of individuals. For the same pur-  
9 poses, a district may by ordinance impose a tax on each individual equal to not more than *[seven-*  
10 *tenths]* **eight-tenths** of one percent of the individual's net earnings from self-employment.

11 (2) No employer shall make a deduction from the wages of an employee to pay all or any portion  
12 of a tax imposed under this section.

13 (3) The provisions of ORS 305.620 are applicable to collection, enforcement, administration and  
14 distribution of a tax imposed under this section.

15 (4) At any time an employer or individual fails to remit the amount of taxes when due under  
16 an ordinance of the district board imposing a tax under this section, the Department of Revenue  
17 may enforce collection by the issuance of a distraint warrant for the collection of the delinquent  
18 amount and all penalties, interest and collection charges accrued thereon. Such warrant shall be  
19 issued and may be enforced in the same manner and have the same force and effect as prescribed  
20 with respect to warrants for the collection of delinquent state income taxes.

21 (5) Any ordinance adopted under subsection (1) of this section shall require an individual having  
22 net earnings from self-employment from activity both within and without the district taxable by the  
23 State of Oregon to allocate and apportion such net earnings to the district in the manner required  
24 for allocation and apportionment of income under ORS 314.280 and 314.605 to 314.675. Such ordi-  
25 nance shall give the individual the option of apportioning income based on a single factor designated

**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.

1 by the ordinance.

2 (6) Any ordinance adopted under subsection (1) of this section with respect to net earnings from  
3 self-employment may impose a tax for a taxable year measured by each individual's net earnings  
4 from self-employment for the prior taxable year, whether such prior taxable year begins before or  
5 after November 1, 1981, or such ordinance.

6 (7) Any ordinance imposing a tax authorized by subsection (1) of this section shall not apply to  
7 any business, trade, occupation or profession upon which a tax is imposed under ORS 267.360.

8 (8) The district board may not adopt an ordinance increasing a tax authorized by subsection (1)  
9 of this section unless the board makes a finding that the economy in the district has recovered to  
10 an extent sufficient to warrant the increase in tax. In making the finding, the board shall consider  
11 regional employment and income growth.

12 **SECTION 2. Notwithstanding ORS 267.385 (1) and subject to ORS 267.260 (3) and (6), an**  
13 **increase in any tax imposed on wages or on net earnings from self-employment that is au-**  
14 **thorized by a mass transit district under ORS 267.385 (1) on or after January 1, 2010, must**  
15 **be phased in over a 10-year period. The district shall by ordinance set forth the increments**  
16 **by which the increase in tax is phased in. Subject to ORS 267.260 (3) and (6), each annual**  
17 **increment may not increase the rate of tax by more than 0.02 percent of the wages or net**  
18 **earnings from self-employment.**

19 **SECTION 3. Sections 8 and 9, chapter 739, Oregon Laws 2003, are repealed.**

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