

# Enrolled Senate Bill 34

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CHAPTER .....

AN ACT

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

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

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

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

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

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

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

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

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

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

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

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

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

Passed by Senate May 6, 2009

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Secretary of Senate

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President of Senate

Passed by House May 27, 2009

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Speaker of House

Received by Governor:

.....M,....., 2009

Approved:

.....M,....., 2009

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Governor

Filed in Office of Secretary of State:

.....M,....., 2009

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Secretary of State