

Senate Bill 912

Sponsored by Senator STARR (at the request of Robert Butler)

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 **as introduced**.

Requires local government taxes imposed on or measured by income to be imposed on or measured by taxable income as determined for state personal income tax purposes or Oregon taxable income as determined for state corporate excise or income tax purposes.

Applies to tax reporting periods beginning on or after January 1, 2010.

A BILL FOR AN ACT

Relating to local government income taxes; creating new provisions; and amending ORS 305.620.

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

SECTION 1. Section 2 of this 2009 Act is added to and made a part of ORS 305.620 to 305.640.

SECTION 2. (1) A political subdivision of this state that imposes a tax on or measured by income shall impose the tax on or measured by taxable income as determined under ORS chapter 316 or, in the case of a corporation or entity taxable as a corporation, on Oregon taxable income as determined under ORS chapter 317 or 318, as allocated or apportioned to the political subdivision in the manner required for allocation and apportionment of income under the income tax laws of this state.

(2) For purposes of ORS 314.280 and 314.605 to 314.675 and the other allocation and apportionment rules of this state, unless the context requires otherwise, "political subdivision" shall be substituted for "state" in determining allocation and apportionment under this section.

(3) For purposes of this section, a political subdivision that imposes a license fee on or measured by taxable income, adjusted net income or other measure of income shall be considered to be imposing a tax on or measured by income.

(4) Nothing in this section requires a political subdivision to expand the scope of the political subdivision's tax on or measured by income to persons not currently subject to the tax.

SECTION 3. ORS 305.620 is amended to read:

305.620. (1) Any state agency or department may enter into agreements with any political subdivision of this state for the collection, enforcement, administration and distribution of local taxes of the political subdivision imposed upon or measured by [gross or net] taxable or Oregon taxable income, wages or net earnings from self-employment or local general sales and use taxes.

(2) The department or agency shall prescribe the rules by which the agreements entered into under subsection (1) of this section are administered.

(3) The department or agency shall prescribe the rules by which the taxes described by subsection (1) of this section are administered, collected, enforced and distributed.

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 (4) A political subdivision may appear as an intervenor at any conference held by the Department
2 of Revenue or conference, hearing or proceeding held by another department or agency in
3 connection with a local tax administered by the department or agency. The political subdivision may
4 be represented by its own counsel. The department or agency shall adopt rules governing the pro-
5 cedures to be followed by the political subdivision in making an appearance.

6 (5) Costs incurred by the department or agency in the administration, enforcement, collection
7 and distribution of taxes under the agreements entered into under subsection (1) of this section shall
8 be first deducted from the taxes collected before distribution is made to the political subdivision
9 which is a party to the agreement.

10 (6) The Oregon Tax Court shall have exclusive jurisdiction to review determinations of the De-
11 partment of Revenue or orders of another department or agency relating to the collection, enforce-
12 ment, administration and distribution of local taxes under agreements entered into under subsection
13 (1) of this section.

14 (7) A proceeding for refund or to set aside additional taxes or taxes assessed when no return
15 was filed may be initiated before the state agency or department.

16 (8) An appeal from a determination or an order may be taken by the taxpayer or by the political
17 subdivision whose taxes are in issue, by filing a complaint with the clerk of the Oregon Tax Court
18 at its principal office at the state capital, Salem, Oregon, within 60 days after the notice of the de-
19 termination of the Department of Revenue or the order of the department or agency is sent to the
20 taxpayer or the political subdivision. The filing of the complaint in the Oregon Tax Court shall
21 constitute perfection of the appeal. Service of the taxpayer's complaint shall be accomplished by the
22 clerk of the tax court by filing a copy of the complaint with the administrative head of the depart-
23 ment or agency and a copy with the political subdivision. Service of the political subdivision's
24 complaint shall be accomplished by the clerk of the tax court by filing a copy of the complaint with
25 the administrative head of the department or agency and mailing a copy of the complaint to the
26 taxpayer. The complaint of a taxpayer shall be entitled in the name of the person filing as plaintiff
27 and the department or agency as defendant. The complaint of a political subdivision shall be entitled
28 in the name of the political subdivision as plaintiff and the taxpayer and the department or agency
29 as defendants. A copy of the order of the department or agency shall be attached to the complaint.
30 All procedures shall be in accordance with ORS 305.405 to 305.494.

31 **SECTION 4. Section 2 of this 2009 Act and the amendments to ORS 305.620 by section 3**
32 **of this 2009 Act apply to tax reporting periods beginning on or after January 1, 2010.**

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