

PRELIMINARY STAFF MEASURE SUMMARY**CARRIER:**

Senate Committee on Business and Transportation

REVENUE: May have revenue impact, statement not yet issued**FISCAL: May have fiscal impact, statement not yet issued****SUBSEQUENT REFERRAL TO:****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Patrick Brennan, Administrator**Meeting Dates:** 2/8, 2/10

WHAT THE MEASURE DOES: Authorizes mass transit districts to impose a tax on the employees of employers within the district if the district imposes an excise tax on those employers. Restricts use of employee tax revenue to enhancing frequency of bus service, acquisition of buses, bus service expansion or maintenance and operation of buses. Applies to tax reporting periods beginning on or after January 1, 2017. Authorizes municipal transit agencies to levy taxes as authorized for mass transit districts. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Service, system and ancillary benefits to increased funding to transit
- Methodology used for calculating employer payroll tax
- Estimated revenues of specific transit districts should they adopt an employee payroll tax
- User fees for transit vs. “everybody pays”
- Changes in service levels within TriMet
- Whether transit providers would limit use of funds to uses outlined in measure

EFFECT OF COMMITTEE AMENDMENT:

[-1 amendment] Removes requirement that district imposing the tax by ordinance do so on every employee of employers subject to the tax. Changes requirement that the tax rate be set at 0.185 percent of wages paid to employee’s employment to the rate of 0.185 percent being maximum tax rate.

BACKGROUND: Oregon has nine transit systems that serve population areas of at least 50,000 residents, including: TriMet in the Portland metropolitan region; South Metro Area Regional Transit in Wilsonville; Salem Area Mass Transit (urban Marion and Polk counties); Lane Transit District (Eugene/Springfield); Rogue Valley Transportation District (Medford); Central Oregon Intergovernmental Council (Bend); Albany Transit Service, and Milton-Freewater with the Confederated Tribes of Umatilla Indian Reservation (Walla Walla/Milton-Freewater area). In addition to these transit providers the state has a number of rural transit districts (such as Sunset Empire Transportation District in Clatsop County and Basin Transit Service in Klamath Falls), city-operated and county-operated transit services (such as Sweet Home, Lebanon, Benton County and Gilliam County) and some regional agencies, such as Community Connection of Northeast Oregon, which serves Wallowa, Union and Baker counties.

While many of these providers receive varying federal and/or state funds from a number of sources, many are funded through a combination of local property taxes, local payroll taxes paid by employers, transit fares, advertising, private funds and other sources. However, unlike other states, where transit may be funded by gas taxes and/or sales taxes, neither of these revenue streams are available for transit in Oregon.

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This summary has not been adopted or officially endorsed by action of the committee.

