

D R A F T

SUMMARY

Increases rates metropolitan service district is authorized to tax to rates up to two percent. Requires all revenues from taxes above one percent to support individuals who are homeless or at risk of becoming homeless.

Applies to ordinances approved by electors on and after effective date of Act and before January 2, 2021.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to metropolitan service districts; creating new provisions; amending
3 ORS 268.505; and prescribing an effective date.

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

5 **SECTION 1. If an ordinance authorized under ORS 268.505 estab-**
6 **lishes a tax rate above one percent, the revenues received from the tax**
7 **must be used to award grants, or provide loans or technical assistance,**
8 **for services, programs, shelters, behavioral and mental health ser-**
9 **vices, housing and other assistance for individuals who are homeless**
10 **or at risk of experiencing homelessness. No more than five percent of**
11 **the revenues from the tax may be dedicated to administrative costs,**
12 **including costs of collecting, distributing or administering the reve-**
13 **nuces or developing or administering programs supported by the reve-**
14 **nues.**

15 **SECTION 2. ORS 268.505 is amended to read:**

16 268.505. (1) Subject to the provisions of a district charter, to carry out the
17 purposes of this chapter, a district may by ordinance impose a tax:

18 (a) Upon the entire taxable income of every resident of the district subject

1 to tax under ORS chapter 316 and upon the taxable income of every nonres-
 2 ident that is derived from sources within the district which income is subject
 3 to tax under ORS chapter 316; and

4 (b) On or measured by the net income of a mercantile, manufacturing,
 5 business, financial, centrally assessed, investment, insurance or other corpo-
 6 ration or entity taxable as a corporation doing business, located, or having
 7 a place of business or office within or having income derived from sources
 8 within the district which income is subject to tax under ORS chapter 317 or
 9 318.

10 (2) *[The rate of the tax imposed by ordinance adopted under authority of*
 11 *subsection (1) of this section shall not exceed one]* **An ordinance adopted**
 12 **under this section may not impose a tax with a rate greater than two**
 13 percent. The tax may be imposed and collected as a surtax upon the state
 14 income or excise tax.

15 (3) *[Any]* **An ordinance adopted** *[pursuant to subsection (1) of]* **under** this
 16 section may require a nonresident, corporation or other entity taxable as a
 17 corporation having income from activity both within and without the district
 18 taxable by the State of Oregon to allocate and apportion such net income to
 19 the district in the manner required for allocation and apportionment of in-
 20 come under ORS 314.280 and 314.605 to 314.675.

21 (4) *[If a district adopts]* An ordinance **adopted** under this section[, *the*
 22 *ordinance shall*] **must** be consistent with any state law relating to the same
 23 subject[,] and with rules *[and regulations]* of the Department of Revenue
 24 *[prescribed]* **adopted** under ORS 305.620.

25 (5) *[Any]* **An ordinance adopted** *[by the district under subsection (1) of]*
 26 **under** this section *[shall]* **must** receive the approval of the electors of the
 27 district before taking effect.

28 **SECTION 3.** ORS 268.505, as amended by section 2 of this 2020 Act, is
 29 amended to read:

30 268.505. (1) Subject to the provisions of a district charter, to carry out the
 31 purposes of this chapter, a district may by ordinance impose a tax:

1 (a) Upon the entire taxable income of every resident of the district subject
2 to tax under ORS chapter 316 and upon the taxable income of every nonres-
3 ident that is derived from sources within the district which income is subject
4 to tax under ORS chapter 316; and

5 (b) On or measured by the net income of a mercantile, manufacturing,
6 business, financial, centrally assessed, investment, insurance or other corpo-
7 ration or entity taxable as a corporation doing business, located, or having
8 a place of business or office within or having income derived from sources
9 within the district which income is subject to tax under ORS chapter 317 or
10 318.

11 (2) An ordinance adopted under this section may not impose a tax with
12 a rate greater than [*two*] **one** percent. The tax may be imposed and collected
13 as a surtax upon the state income or excise tax.

14 (3) An ordinance adopted under this section may require a nonresident,
15 corporation or other entity taxable as a corporation having income from ac-
16 tivity both within and without the district taxable by the State of Oregon
17 to allocate and apportion such net income to the district in the manner re-
18 quired for allocation and apportionment of income under ORS 314.280 and
19 314.605 to 314.675.

20 (4) An ordinance adopted under this section must be consistent with any
21 state law relating to the same subject and with rules of the Department of
22 Revenue adopted under ORS 305.620.

23 (5) An ordinance adopted under this section must receive the approval of
24 the electors of the district before taking effect.

25 **SECTION 4. Section 1 of this 2020 Act is repealed on January 2, 2021.**

26 **SECTION 5. The amendments to ORS 268.505 by section 3 of this**
27 **2020 Act become operative on January 2, 2021.**

28 **SECTION 6. (1) The amendments to ORS 268.505 by section 2 of this**
29 **2020 Act apply to ordinances approved by electors on or after the ef-**
30 **fective date of this 2020 Act.**

31 **(2) The amendments to ORS 268.505 by section 3 of this 2020 Act**

1 apply to ordinances approved by electors on or after January 2, 2021.

2 (3) The repeal of section 1 of this 2020 Act by section 4 of this 2020
3 Act does not affect taxes of a district that were approved by voters
4 before January 2, 2021.

5 SECTION 7. This 2020 Act takes effect on the 91st day after the date
6 on which the 2020 regular session of the Eightieth Legislative Assem-
7 bly adjourns sine die.

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