A-Bill For An Act

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

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

SECTION 1. (1) If an ordinance authorized under ORS 268.505 establishes a tax rate above one percent, the revenues received from the tax must be used to award grants, or provide loans or technical assistance, for services, programs, shelters, behavioral and mental health services, housing and other assistance for individuals who are homeless or at risk of experiencing homelessness.

(2) A metropolitan service district may not spend more than five percent of the revenues from the tax described in subsection (1) of this section on its administrative costs, including costs of collecting, distributing or administering the revenues or developing or administering programs supported by the revenues.

(3) A metropolitan service district may contract with entities and enter into intergovernmental agreements and other arrangements to award grants or provide loans or technical assistance under subsection (1) of this section.

SECTION 2. ORS 268.505 is amended to read:

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

(a) Upon the entire taxable income of every resident of the district subject to tax under ORS chapter 316 and upon the taxable income of every nonresident that is derived from sources within the district which income is subject to tax under ORS chapter 316; and

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

NOTE: Matter in boldfaced type in an amended section is new; matter in italic and bracketed is existing law to be omitted. New sections are in boldfaced type.
(2) [The rate of the tax imposed by ordinance adopted under authority of subsection (1) of this section shall not exceed one] An ordinance adopted under this section may not impose a tax with a rate greater than two percent. The tax may be imposed and collected as a surtax upon the state income or excise tax.

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

(4) [If a district adopts] An ordinance adopted [by the district under subsection (1) of] under this section must be consistent with any state law relating to the same subject[,] and with rules [and regulations] of the Department of Revenue [prescribed] adopted under ORS 305.620.

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

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

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

(a) Upon the entire taxable income of every resident of the district subject to tax under ORS chapter 316 and upon the taxable income of every nonresident that is derived from sources within the district which income is subject to tax under ORS chapter 316; and

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

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

(3) An ordinance adopted under this section may require a nonresident, corporation or other entity taxable as a corporation having income from activity both within and without the district taxable by the State of Oregon to allocate and apportion such net income to the district in the manner required for allocation and apportionment of income under ORS 314.280 and 314.605 to 314.675.

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

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

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

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

SECTION 6. (1) The amendments to ORS 268.505 by section 2 of this 2020 Act apply to ordinances approved by electors on or after May 1, 2020.

(2) The amendments to ORS 268.505 by section 3 of this 2020 Act apply to ordinances approved by electors on or after January 2, 2021.

(3) The repeal of section 1 of this 2020 Act by section 4 of this 2020 Act does not affect taxes of a district that were approved by voters before January 2, 2021.
SECTION 7. This 2020 Act takes effect on the 91st day after the date on which the 2020 regular session of the Eightieth Legislative Assembly adjourns sine die.