House Bill 4164

Sponsored by COMMITTEE ON RULES (at the request of Representative Tina Kotek)

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.**

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

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. 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. No more than five percent of the revenues from the tax may be dedicated to administrative costs, including costs of collecting, distributing or administering the revenues or developing or administering programs supported by the revenues.

SECTION 2. ORS 268.505 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) [*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

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.

314.280 and 314.605 to 314.675.

(4) [*If a district adopts*] An ordinance **adopted** under this section[*, the ordinance shall*] **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 the effective date of this 2020 Act.

(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.