

HB 2548-1 Background

Measure Description

Requires local government that imposes an income tax to conform to state statutory provisions governing determination of net income, including the apportionment and sourcing of income. Applies to ordinance imposing local income tax that has not received approval of electors of local government before January 1, 2024. Takes effect 91st day following adjournment sine die.

-1 Makes requirements applicable to existing local income taxes whenever enacted.

Determining Net Income

ORS Chapter 314 - Taxes Imposed Upon or Measured by Net Income

Defining Income	Other Elements
<ul style="list-style-type: none"> • OR begins with federal definition of taxable income <ul style="list-style-type: none"> ○ Exclusions ○ Deductions ○ Subtractions ○ Additions 	<ul style="list-style-type: none"> • Nexus Residency • Apportionment • Allocation

Post Net Income
<ul style="list-style-type: none"> ○ Tax rates & credits ○ Withholding, estimated payments, fees/penalties

Tax Name	Tax Type	Tax Base	Notes
Multnomah County Preschool for All (PIT) (S) \$125K-250K: 1.5% \$250K+: 3.0% (J) \$200K-400K: 1.5% \$400K+: 3.0%	PIT	OR taxable income (Form OR-40, line 19)	<ul style="list-style-type: none"> ○ Exempts PERS, FERS, CSRS, & military retirement benefits ○ Pass-through income deduction (PTE tax subject to Mult. Co. Bus. Income Tax)
Multnomah County Business Income Tax 2% × Net business inc.	Business Tax (C-Corps PTEs, Sole Props)	Income before net loss deduction (Form OR-20, line 5, form 1120-S/Form 1065 line 21/22 (OBI))	<ul style="list-style-type: none"> ○ Apportionment based on gross income in Mult. Co. divided by gross income everywhere ○ Addition for amount of local income taxes deducted ○ Other additions / subtractions
City of Portland Business License Tax 2.6% × Net business inc.	Business Tax (C-Corps PTEs, Sole Props)	Income before net loss deduction (Form OR-20, line 5, form 1120-S/Form 1065 line 21/22 (OBI))	<ul style="list-style-type: none"> ○ Apportionment based on gross income in Portland divided by gross income everywhere ○ Addition for amount of local income taxes deducted ○ Other additions / subtractions

Tax Name	Tax Type	Tax Base	Notes
<p>Metro Supportive Housing Services Business Income Tax</p> <p>Gross receipts > \$5M (everywhere)</p> <p>1.0% × Net business income</p>	<p>C-Corp, PTEs</p>	<p>Income before net loss deduction (Form OR-20, line 5, form 1120-S/Form 1065 line 21/22 (OBI))</p>	<ul style="list-style-type: none"> ○ Apportionment based on gross income in Metro divided by gross income everywhere ○ Addition for taxes based on or measured by net income
<p>Metro Supportive Housing Services Personal Income Tax</p> <p>(S) Exempt first \$125K Tax rate: 1.0%</p> <p>(J) Exempt first \$200K Tax rate: 1.0%</p>	<p>PIT</p>	<p>OR taxable income (Form OR-40, line 19)</p>	<ul style="list-style-type: none"> ○ Exempts PERS, FERS, CSRS, & military retirement benefits ○ Pass-through income deduction (PTE tax subject to Metro Bus. Income Tax)
<p>Portland Arts Tax</p> <p>\$35 × resident ≥ 18 & \$1,000+ taxable income</p> <p>Households above federal poverty level</p>	<p>PIT</p>	<p>Annual income & taxable income</p>	<ul style="list-style-type: none"> ○ Taxable income from any source City of Portland is not prohibited from taxing ○ No proration for part year resident