

HB 2576 A STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Kyle Easton, Economist

Meeting Dates: 4/25, 5/15

WHAT THE MEASURE DOES:

Subject to Supreme Court appeal, confers exclusive jurisdiction on Oregon Tax Court for judicial review of questions concerning income taxes imposed by local governments. Requires person to first exhaust all administrative remedies provided before the local government prior to appealing to Oregon Tax Court. Makes conforming amendments. Applies to petitions filed on or after effective date of act. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Existing local tax jurisdictions imposing local income taxes
- Local taxes are discretionary and enacted at local level
- Roles of Circuit Court and Tax Court
- Input received from various parties in amending legislation in House Chamber
- Difference between income tax and payroll tax
- Administration of local income tax
- Operation of Oregon Tax Court, jurisdiction
- General process of appeal through Tax Court
- Tax Court capacity to absorb additional cases from local income taxes
- Existing judicial process of state income tax appeals.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Tax Court is part of the Oregon Judicial Department. It is a statewide court and has exclusive jurisdiction to hear tax appeals under state laws, including personal income tax, property tax, corporation excise tax, timber tax, local budget law, and property tax limitations. The court is independent from the executive and legislative branches of state government. The court is not a part of the Oregon Department of Revenue, which is often a statutory defendant in Tax Court cases.

Several Oregon local governments impose an income tax in Oregon including Multnomah County, City of Portland and Metro.