

Requested by Representative FAHEY

**PROPOSED AMENDMENTS TO
HOUSE BILL 3991**

On page 18 of the printed bill, after line 9, insert:

“SECTION 25a. ORS 320.550, as amended by section 24 of this 2025 special session Act, is amended to read:

“320.550. (1) As used in this section:

“(a) ‘Employer’ has the meaning given that term in ORS 316.162.

“(b) ‘Resident of this state’ has the meaning given that term in ORS 316.027.

“(c) ‘Wages’ has the meaning given that term in ORS 316.162.

“(2) A tax is imposed at the rate of [*two-tenths*] **one-tenth** of one percent of the wages of an employee who is:

“(a) A resident of this state, regardless of where services are performed.

“(b) Not a resident of this state, for services performed in this state.

“(3) Every employer at the time of the payment of wages shall deduct and withhold from the total amount of the wages paid for services described under subsection (2) of this section an amount equal to the total amount of wages multiplied by the rate of tax imposed under subsection (2) of this section.

“(4) An employer shall report and pay the tax imposed under this section to the Department of Revenue at the time and in the manner determined by the department by rule.

“(5) For purposes of the tax imposed under this section, an employer is

1 considered a taxpayer.

2 “(6) If a lender, surety or other person who supplies funds to or for the
3 account of an employer for the purpose of paying wages of the employees of
4 such employer has actual notice or knowledge that such employer does not
5 intend to or will not be able to make timely payment or deposit of the tax
6 required to be deducted and withheld, such lender, surety or other person
7 shall be liable to the State of Oregon in a sum equal to the taxes, together
8 with interest, that are not timely paid over to the Department of Revenue.
9 Such liability shall be limited to the principal amount supplied by the lender,
10 surety or other person, and any amounts so paid to the department shall be
11 credited against the liability of the employer.

12 “(7)(a) An employer shall submit an annual return pursuant to ORS
13 316.202 to the Department of Revenue. The amounts deducted from the wages
14 during any calendar year in accordance with this section shall be considered
15 to be in payment of the tax imposed under subsection (2) of this section.

16 “(b) The return submitted by the employer shall be accepted by the De-
17 partment of Revenue as evidence in favor of the employee of the amounts so
18 deducted from the employee’s wages.

19 “(8) Nothing in this section prohibits the Department of Revenue from
20 including the tax imposed under this section in the combined quarterly tax
21 report required under ORS 316.168.

22 “(9) An employer that fails to deduct and withhold the tax required under
23 this section:

24 “(a) Is deemed responsible for the payment of the tax obligation in an
25 amount equal to the amount required to be withheld from the employee’s
26 wages and remitted to the Department of Revenue; and

27 “(b) Is subject to a penalty of \$250 per employee, up to a maximum pen-
28 alty of \$25,000, if the employer knowingly fails to deduct and withhold the
29 tax.

30 “(10) Residents subject to the tax imposed under this section on wages

1 earned outside this state from an employer not doing business within this
2 state shall report and pay the tax in an amount not to exceed [*two-tenths*]
3 **one-tenth** of one percent of the wages earned outside this state, and at the
4 time and in the manner, as determined by the Department of Revenue by
5 rule.

6 **SECTION 25b. The amendments to ORS 320.550 by section 25a of**
7 **this 2025 special session Act become operative on January 1, 2028.”.**
