

HB 3991-20  
(LC 2)  
8/31/25 (HE/ps)

Requested by JOINT SPECIAL SESSION COMMITTEE ON TRANSPORTATION FUNDING (at the request of Senator Rob Wagner, Representative Julie Fahey)

**PROPOSED AMENDMENTS TO  
HOUSE BILL 3991**

1 On page 6 of the printed bill, delete lines 4 through 20 and insert:

2 “(7)(a) This subsection applies if:

3 “(A) The highway cost allocation report indicates that the equity ratio  
4 for the heavy vehicle class or the light vehicle class is at least 1.05; and

5 “(B) The Legislative Assembly has not complied with subsection (6) of  
6 this section within 120 days following the date on which the Joint Committee  
7 on Transportation received the report submitted under subsection (5) of this  
8 section.

9 “(b)(A) On or after September 1 of each odd-numbered year, the depart-  
10 ment shall adopt rules that lower the fee rates per mile set forth in ORS  
11 825.476 or the fuel tax rates set forth in ORS 319.020 (1)(b) and 319.530 (1)  
12 as necessary so that whichever class has an equity ratio of 1.05 or greater  
13 will have an equity ratio of 1.045.

14 “(B) Adjustments to the fuel tax rates shall be rounded to the nearest 0.1  
15 cents per gallon.

16 “(8) The department shall repeal any rule adopted pursuant to subsection  
17 (7) of this section if the department determines that, after the rule was  
18 adopted, the Legislative Assembly adjusted revenue sources to carry out the  
19 purposes of Article IX, section 3a (3), of the Oregon Constitution.”.

20 On page 18, after line 9, insert:

21 **“SECTION 25a.** ORS 320.550, as amended by section 24 of this 2025 spe-

1 cial session Act, is amended to read:

2 “320.550. (1) As used in this section:

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

4 “(b) ‘Resident of this state’ has the meaning given that term in ORS  
5 316.027.

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

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

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

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

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

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

19 “(5) For purposes of the tax imposed under this section, an employer is  
20 considered a taxpayer.

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

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

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

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

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

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

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

19 “(10) Residents subject to the tax imposed under this section on wages  
20 earned outside this state from an employer not doing business within this  
21 state shall report and pay the tax in an amount not to exceed [*two-tenths*]  
22 **one-tenth** of one percent of the wages earned outside this state, and at the  
23 time and in the manner, as determined by the Department of Revenue by  
24 rule.

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