**w/options attached**

PASSED

IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

| ORDINANCE NO. 1-06 | IN THE MATTER OF AMENDING CHAPTER 4 OF LANE CODE TO ADD PROVISIONS FOR A LANE COUNTY PUBLIC SAFETY INCOME TAX, TO ADOPT ADMINISTRATION AND COLLECTION PROVISIONS, TO RENUMBER DIFFERENTIAL TAX PROVISIONS AND TO SET AN EFFECTIVE DATE (LC 4.500 THROUGH 4.571) |
|---|---|

The Board of County Commissioners of Lane County ordains as follows:

Chapter 4 of Lane Code is hereby amended by deleting, substituting, and adding new sections as follows:

| **DELETE THESE SECTIONS** | **INSERT THESE SECTIONS** |
|---|---|
| 4.500 through 4.510<br>as located on pages 4-19 through 4-20<br>(a total of 2 pages) | 4.005 through 4.015<br>as located on pages 4-1<br>(a total of 1 page) |
| None | 4.500 through 4.571<br>as located on pages attached<br>(a total of 31 pages) |

Said sections are attached hereto and incorporated herein by reference. The purpose of this substitution and addition is to add provisions for a Lane County Public Safety Income tax, to adopt administration and collection provisions, and to renumber Differential Tax provisions (LC 4.500 through 4.571).

**Option 1**

This ordinance shall become effective January 1, 2007, if the voters approve the amendment to the Lane County Home Rule Charter, Section 38, in the election to be held on November 7, 2006, which was referred to them by Board Order on ~~June 28,~~ July 10, 2006 (Order No. 06-6-28- 10 ).

**Option 2**

~~This ordinance shall become effective July 1, 2007. To accommodate its taking effect in the middle of the calendar year, the tax rate for LC 4.521(1), 4.531(1) and 4.541(1) shall be _____% for 2007 only for those taxpayers whose tax year is a calendar year. The Tax Administrator is authorized to make appropriate similar adjustment in the tax rates for taxpayers who use other time periods for their tax years, and to make appropriate adjustments in any or all withholding tables and estimated tax calculations as necessary for implementation.~~

ENACTED this 10th day of July 2006.

Bill Dwyer

Chair, Lane County Board of Commissioners

Melissa R. Zimmer

Recording Secretary for this Meeting of the Board

APPROVED AS TO FORM

Date 6/9/06 ~~7/10/06~~ Lane County

Teresa Mills

OFFICE OF LEGAL COUNSEL

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# Chapter 4

## TAXES

## DIFFERENTIAL TAXES

**4.005 Definitions.**
In addition to the general definitions included in LC 1.010, the following definitions apply:

Incorporated Cities. The area encompassed by the cities of Coburg, Cottage Grove, Creswell, Dunes City, Eugene, Florence, Junction City, Lowell, Oakridge, Springfield, Veneta, Westfir and any other city incorporated pursuant to ORS Chapter 221.

Special District. The area encompassed by any district, as defined in ORS 198.010-198.955, and duly organized under state law. *(Revised by Ordinance No. 9-95, Effective 11.3.95)*

**4.010 Geographic Tax Classification.**
The Board may, upon making the findings required by LC 4.015 below, adopt a measure or refer a measure to the electors which provides a different tax burden on one class of taxpayers than is imposed upon another class of taxpayers. Any class of taxpayers so determined by the Board shall be identified on a geographical basis, and may include distinctions, as substantiated by the findings, among incorporated cities, special districts, and areas outside the boundaries of cities or districts. *(Revised by Ordinance No. 9-95, Effective 11.3.95)*

**4.015 Required Findings.**
Any difference in tax burden imposed within separate geographic boundaries within Lane County, Oregon shall meet the following criteria:

(1) Differences in services to be provided in different geographic areas must be real and substantial.

(2) Geographic boundaries shall be drawn so that services provided within designated areas are qualitatively different from services provided within other geographical areas.

(3) Services provided within the different geographical areas must be unique.

(4) Any differences in tax burdens shall be based upon the actual costs of providing services and administration. *(Revised by Ordinance No. 9-95, Effective 11.3.95)*

## LANE COUNTY TRANSIENT ROOM TAX

**4.100 Title.**
This subchapter may be referred to as the Lane County Transient Room Tax. *(Revised by Ordinance No. 8-73, Effective 9.14.73)*

**4.105 Definitions.**
In addition to the general definition included in LC 1.010, the following definitions apply:

Accrual Accounting. A system whereby the operator enters the rent due from a transient on the records when the rent is earned whether or not it is paid.

# LANE COUNTY PUBLIC SAFETY INCOME TAX CODE

## 4.500 Title and Dedication.

(1) This subchapter (LC 4.500 to 4.571) may be referred to as the Lane County Public Safety Income Tax Code. The Lane County Public Safety Income Tax Code consists of this title and dedication limiting the use of revenues obtained under the Lane County Public Safety Income Tax Code (LC 4.500 to LC 4.571), provisions imposing a Personal Income Tax (LC 4.520 to LC 4.526), provisions imposing a Nonresident Income Tax (LC 4.530 to LC 4.536), provisions imposing a Business Income Tax (LC 4.540 to LC 4.548), definitions for these taxes (LC 4.501), and Lane County Public Safety Income Tax Administration provisions (LC 4.550 to LC 4.571). Unless specified otherwise, the definitions, dedication and Lane County Public Safety Income Tax Administration provisions apply to the Personal Income Tax, the Business Income Tax and the Nonresident Income Tax.

(2) The Lane County Public Safety Income Taxes are imposed to raise revenues to support public safety services as provided in Section 38 of the Lane County Home Rule Charter.

(3) "Net income," as used in Section 38 of the Lane County Home Rule Charter, refers to: (i) "county taxable income" for purposes of the Personal Income Tax; (ii) "nonresident taxable income" for purposes of the Nonresident Income Tax; and, (iii) "taxable business income" for purposes of the Business Income Tax.

(4) To fund the public safety programs described in Section 38 of the Lane County Home Rule Charter, each fiscal year the County shall budget for and transfer to the Public Safety Fund an amount of property tax revenues that the Board determines is equivalent to the property tax relief provided in that fiscal year under LC 4.524(1), LC 5.434(1) and LC 4.544.

## 4.501 Definitions.

In addition to the general definitions included in LC 1.010, the following definitions apply to the Lane County Public Safety Income Tax Code, unless the context requires otherwise:

Appeals Board. The hearings body designated by the Board of Commissioners to review taxpayer appeals from final determinations by the Tax Administrator.

Business. An enterprise, activity, profession or undertaking of any nature, whether related or unrelated, by a person in the pursuit of profit, gain or the production of income, including all services performed by an individual for any type of remuneration other than wages paid to an employee.

Business Income. The net income arising from any business, as reportable to the State of Oregon for personal income, corporation excise, or corporation income tax

purposes, before any allocation or apportionment for operation out of the State of Oregon, or deduction for a net operating loss carry-forward or carry-back, with any adjustments required by the Lane County Public Safety Income Tax Code or the Rules. "Business Income" includes interest and dividend income, rental income or losses from real and personal business property, gains on sales of property or investments owned by a business, and other amounts that may be treated as "nonbusiness income" under the tax laws of the State of Oregon but that are determined by the Tax Administrator to be part of "Business Income" for purposes of the Lane County Public Safety Income Tax Code. In determining business income, gain or loss from the sale, exchange or involuntary conversion of real property or tangible and intangible personal property that is not specifically exempted by this Lane County Public Safety Income Tax Code and the Rules shall be included as ordinary gain or loss.

(1) Partnerships, S corporations, limited liability companies, limited liability partnerships, family limited partnerships, estates and trusts, shall be liable for the business tax and not the individual partners, shareholders, members or beneficiaries. The income of these entities shall include all income received by the entity including ordinary income, interest and dividend income, income from sales of business assets and other income attributable to the entity.

(2) If one or more persons are required or elect to report their income to the State of Oregon for corporation excise or income tax purposes or personal income tax purposes in a consolidated, combined or joint return, a single return shall be filed by the person filing such return. In such cases, "business income" means the net income of the consolidated, combined or joint group of taxfilers before any allocation or appointment for operation out of the State of Oregon, or deduction for a net operating loss carrying-forward or carry-back.

(3) The absence of reportable income to the Internal Revenue Service or the State of Oregon shall not limit the ability of the Tax Administrator to determine the correct income of the taxfiler through examination under LC 4.561.

County. Lane County, Oregon.

County Taxable Income. A resident's Oregon taxable income, less the deductions shown in LC 4.522.

Doing Business. To engage in any activity in pursuit of profit or gain, including but not limited to, any transaction involving the holding, sale, rental or lease of property, the manufacture or sale of goods or the sale or rendering of services other than as an employee. Doing business includes activities carried on by a person through officers, agents or employees as well as activities carried on by a person on his or her own behalf.

Employee. Any individual who performs services for another individual or organization having the right to control the employee as to the services to be performed and as to the manner of performance.

Employer. (1) A person who is in such relation to another person that the person may control the work of that other person and direct the manner in which it is to be done;

or

(2) An officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee or member is under a duty to withhold personal income taxes under the State of Oregon personal income tax laws.

Gross Business Income. All income from whatever source derived, including but not limited to:

(1) gross receipts (less returns and allowances) from the sale of tangible personal property;

(2) gross receipts from the sale of services, including fees and commissions;

(3) gains derived from property transactions;

(4) interest;

(5) rents;

(6) royalties;

(7) dividends;

(8) income from life insurance and endowment contracts;

(9) franchise fee income;

(10) distributive share of partnership gross income;

(11) income received from business contractual agreements, such as non-compete contracts; and

(12) business income from an interest in an estate or trust.

Individual. A natural person.

Net County Asset Income. Oregon taxable income resulting from the sale of real or personal property located in the County, dividends and other investment income from activities partly or wholly within the County, and net income from other intangible assets having a sufficient connection to the County that the County is permitted to impose a tax on the income arising from such assets, all as prescribed in the Rules.

Net Operating Loss. The negative taxable income that may result after the deductions allowed by the Lane County Public Safety Income Tax Code in determining net income for the tax year.

Nonresident. An individual who is not a resident for any portion of a tax year.

Nonresident Income. The sum of Oregon taxable income resulting from wages that are paid to a nonresident for services performed partly or wholly within the County, plus net county asset income of a nonresident.

Nonresident Taxable Income. Nonresident income less the deductions described in LC 4.532.

Notice. A written document mailed first class by the Tax Administrator to the last known address of a taxfiler as provided to the Tax Administrator in the latest tax return on file with the Tax Administrator or notice given by any means authorized in the Rules.

Oregon Taxable Income. Taxable income under the State of Oregon personal income tax laws, as reported or as reportable to the state of Oregon for personal income tax purposes, and before any credits or exemptions.

Person. An individual, proprietorship, partnership, limited partnership, family limited partnerships, joint venture, association, cooperative, trust, estate, corporation, personal holding company, limited liability company, limited liability partnership or any other form of organization for doing business.

Received. The postmark date affixed by the United States postal service if mailed or the date stamp if delivered by hand or sent by facsimile, or as otherwise provided in the Rules.

Resident. An individual who is described in subsection (1) of this definition of "Resident" and who is not described in subsection (2) of this definition of "Resident."

(1) "Resident" includes any individual who:

(a) is domiciled in Lane County for any portion of the tax year unless the individual:

(i) Maintains no permanent place of abode in Lane County;

(ii) Does maintain a permanent place of abode elsewhere; and

(iii) Spends in the aggregate not more than 30 days in the calendar year in Lane County; or

(b) is not domiciled in Lane County but maintains a permanent place of abode in Lane County and spends in the aggregate more than 200 days of the calendar year in Lane County unless the individual proves that the individual is in Lane County only for a temporary or transitory purpose.

(2) "Resident" does not include:

(a) An individual who is a qualified individual under section 911(d)(1) of the Internal Revenue Code for the tax year;

(b) A spouse of a qualified individual under section 911(d)(1) of the Internal Revenue Code, if the spouse has a principal place of abode for the tax year that is not located in Lane County; or

(c) A resident alien under section 7701(b) of the Internal Revenue Code who would be considered a qualified individual under section 911(d)(1) of the Internal Revenue Code if the resident alien were a citizen of the United States.

(3) For purposes of subsection (1) of this definition, a fraction of a calendar day shall be counted as a whole day.

Rules. The rules adopted by the Tax Administrator under LC 4.553(2) to implement and clarify provisions of the Lane County Public Safety Income Tax Code and to provide for the administration of the Lane County Public Safety Income Tax Code.

Tax Administrator. The person designated by the Board of Commissioners to act as Tax Administrator under the Lane County Public Safety Income Tax Code.

Tax Year. The year used to calculate a person's tax liability under State income tax laws.

Taxable Business Income. A person's business income from doing business in the County, less the deductions shown in LC 4.545.

Taxfiler. Any person who is required to file a return under the Lane County Public Safety Income Tax Code.

Wages. Remuneration for services performed by an employee for the employer, including the cash value of all remuneration paid in any medium other than cash, whether deferred or not, as provided in the Rules.

## LANE COUNTY PUBLIC SAFETY PERSONAL INCOME TAX

### 4.520 Lane County Public Safety Personal Income Tax.

The tax imposed under LC 4.521 to LC 4.526 may be referred to as the Lane County Public Safety Personal Income Tax.

### 4.521 Imposition and Rate of Public Safety Personal Income Tax; Requirement to File Personal Income Tax Return.

(1) Except as otherwise provided in this chapter, a tax is imposed upon each resident equal to one percent (1%) of the resident's County taxable income, effective with tax years beginning on or after January 1, 2007.

(2) Except as provided in the Rules:

(a) Each resident shall file a Lane County Public Safety Personal Income Tax return with the County for each tax year in which the person has taxable income under the State of Oregon personal income tax laws that exceeds $2,500, regardless of whether the resident is obligated to pay a Lane County Personal Income Tax for that tax year.

(b) The return shall be filed no later than the 15th day of the fourth month following the end of the resident's tax year.

(3) If an individual is a resident for less than a full tax year, the County taxable income of the individual may be prorated and reduced based on the number of days during the tax year that the individual was a resident as provided in the Rules. Except as provided in LC 4.531(2), an individual who was a resident for less than a full tax year shall pay Lane County Public Safety Nonresident Income Tax on nonresident income for the portion of the tax year in which the individual was not a resident.

### 4.522 Deductions.

The following amounts may be deducted from Oregon taxable income to compute County taxable income:

(1) Each resident filing singly may deduct $2,500 from the resident's Oregon taxable income.

(2) Residents filing jointly, or filing as head of household or as qualifying widow or widower may deduct $5,000 from their combined Oregon taxable income.

(3) The income deduction amount shall be increased by any retirement benefit paid out of the Oregon PERS retirement fund pursuant to ORS 238.445 and any federal retirement benefit that is taxed as income by the State of Oregon.

(4) The Rules may require that deductions described in LC 4.522 be prorated for taxfilers who were not residents for the full tax year.

**4.523. Low Income Exemption.**

The following residents are exempt from Lane County Public Safety Personal Income Tax:

(1) Residents who file a federal income tax return jointly, or who file as head of a household, and who have a combined, adjusted gross income under the federal income tax laws of twenty thousand dollars ($20,000) or less.

(2) Any other residents with an adjusted gross income under the federal income tax laws of ten thousand dollars ($10,000) or less.

**4.524 Credits**

(1) Lane County Property Taxes Paid. The County is authorized to impose a property tax rate for operating purposes of $1.2793 per $1,000 of assessed value. A reduction of $0.95 in the County's $1.2793 operating tax rate is a reduction of 74.25 percent. To provide the property tax relief described in Section 38(3) of the Lane County Home Rule Charter, the County will allow as a credit against the tax imposed by LC 4.521(1) an amount equal to 74.25% of the property taxes that are paid to Lane County for operating purposes during the tax year.

(a) The credit may be taken only by a taxfiler who is an owner of the property on which the tax is imposed, is the tenant under a lease which requires the tenant to pay the property taxes, or a person who has an obligation to pay taxes due on the property and who is either described in the Rules or is approved by the Tax Administrator.

(b) The total amount of credits that are taken by all taxfilers under any provision of the Lane County Public Safety Income Tax Code for a property tax payment shall not exceed the amount of that property tax payment, as provided in the Rules.

(c) The credit described in this LC 4.524(1) shall not be carried forward or carried back to any other tax year.

(d) If a credit described in this LC 4.524(1) is taken and the property taxes for which the credit is taken are reduced or refunded, the taxfiler shall pay to the County the portion of the credit that is allocable to the reduced or refunded taxes as provided in the Rules.

(e) The Rules may provide for allocation of the credit among owners and others entitled to the credit, including purchasers and sellers of property.

(f) To take the credit authorized by this subsection (1), a resident must be able to document to the satisfaction of the Tax Administrator that the resident is entitled to the credit under LC 4.524(1) and that the property taxes for which the credit is sought were paid during the tax year.

(2) Business Income Tax Credit. The amount of taxes imposed under LC 4.541(1) may be allowed as a credit against the taxes imposed by LC 4.521(1) to the extent provided in this subsection and in the Rules.

(a) The credit shall not exceed the amount of taxes imposed by LC 4.541(1) that are paid (for cash-basis taxpayers) or accrued (for accrual basis taxpayers) during the tax year.

(b) The Rules may limit the amount of the credit under this subsection so that the credit, as a percentage of the tax imposed under LC 4.521 (before the credit is taken), does not exceed the percentage that results from dividing the taxfiler's taxable business income from doing business within the County by the taxfiler's County taxable income.

(c) The credit shall not be carried forward or carried back to any other tax year.

(d) For purposes of this subsection (2), any person receiving pass-through taxable income from a partnership, limited liability company, subchapter S corporation, trust, or other entity, shall be deemed to have paid the same proportion of such entity's Business Income Tax imposed under LC 4.541(1) as the amounts of such pass-through taxable income bears to the entity's entire taxable income.

(e) If a credit described in this LC 4.524(2) is taken and the property taxes for which the credit is taken are reduced or refunded, the taxfiler shall pay to the County the portion of the credit that is allocable to the reduced or refunded taxes as provided in the Rules.

**4.525 Withholding.**

(1) Each employer paying wages to a resident shall withhold Lane County Public Safety Personal Income Taxes for that resident according to the Rules. Those Rules may exempt categories of wages from the withholding requirement.

(2) The amounts withheld under LC 4.525 shall be considered to be in part payment of the employee's tax liability under LC 4.521(1), and the return made by the employer pursuant to LC 4.525(3) shall be accepted as evidence in favor of the employee of the amounts so deducted from his/her wages.

(3) Except as may be specially provided in the Rules, each employer shall make payment to the Tax Administrator of the amount required to be withheld by this subchapter at the same time that each employer is required to pay over taxes withheld for

state income tax purposes for the same period, accompanied by a return in the form prescribed by the Tax Administrator. Each employer shall also file an annual return in the form prescribed by the Tax Administrator at the same time the employer files its annual report for state withholding.

(4) Each employer shall be liable for the payment of the taxes required to be deducted and withheld, whether or not the taxes are actually withheld.

(5) Each employer shall notify each employee of the amounts withheld in the same manner and at the same time as for withholding of taxes for state income tax purposes.

(6) If an employer fails to remit to the County amounts that have been withheld under this section, the responsible officers and employees of the employer shall be personally responsible for the amounts that were withheld but not remitted.

(7) Failure to file the appropriate return without reasonable excuse or failure to remit the amount withheld also subjects the employer to penalties under LC 4.566.

**4.526 Payments of Estimated Lane County Public Safety Personal Income Tax.**

Taxfilers who can be reasonably expected to have a tax liability under LC 4.521 of more than $500 from sources other than wages shall pay substantially equal, quarterly estimated tax payments as provided in the Rules. The Tax Administrator may establish a higher threshold than $500 for payment of estimated tax payments, and may provide alternative payment schedules or exemptions from the requirements of LC 4.526 for cases in which the Tax Administrator determines that making estimated payments is not practical or cost-effective.

## LANE COUNTY PUBLIC SAFETY NONRESIDENT INCOME TAX

### 4.530 Lane County Public Safety Nonresident Income Tax.

The tax imposed under LC 4.530 to LC 4.536 may be referred to as the Lane County Public Safety Nonresident Income Tax.

### 4.531 Imposition and Rate of Nonresident Income Tax; Requirement to File Personal Income Tax Return.

(1) Except as otherwise provided in this chapter, a tax is imposed upon each nonresident receiving or accruing nonresident taxable income in an amount equal to one percent (1%) of that person's nonresident taxable income, effective with tax years beginning on or after January 1, 2007.

(2) Except as provided in the Rules:

(a) Each nonresident receiving or accruing nonresident taxable income shall file a Lane County Public Safety Nonresident Income Tax return with the County for each tax year in which the nonresident has nonresident income that exceeds $2,500, regardless of whether the nonresident is obligated to pay a Lane County Nonresident Income Tax for that tax year.

(b) The return shall be filed no later than the 15th day of the fourth month following the end of the nonresident's tax year.

(c) An individual who was both a resident and a nonresident in a single tax year may elect to file and pay Lane County Public Safety Personal Income Tax for that entire tax year, in lieu of paying Lane County Public Safety Personal Income Tax for a portion of the tax year and Lane County Public Safety Nonresident Income Tax for a portion of the tax year.

### 4.532 Deductions.

The following amounts may be deducted from nonresident income to compute nonresident taxable income:

(1) Each nonresident filing singly may deduct $2,500 from the taxfiler's nonresident income.

(2) Nonresidents filing jointly, or filing as head of household or as qualifying widow(er) may deduct $5,000 from their combined nonresident income.

(3) The income deduction amount shall be increased by any retirement benefit paid out of the Oregon PERS retirement fund pursuant to ORS 238.445 and any federal retirement benefit that is taxed as income by the State of Oregon.

(4) In the Rules, the Tax Administrator may require the deductions described in LC 4.532 to be prorated for taxfilers who were residents for a portion of the tax year.

**4.533 Low Income Exemption.**

The following nonresidents are exempt from Lane County Public Safety Nonresident Income Tax:

(1) Nonresidents who file a federal income tax return jointly, or who file as head of a household, and who have who have a combined, adjusted gross income under the federal income tax laws of twenty thousand dollars ($20,000) or less.

(2) Any other nonresidents with an adjusted gross income under the federal income tax laws of ten thousand dollars ($10,000) or less.

**4.534 Credits**

(1) Lane County Property Taxes Paid. The County is authorized to impose a property tax rate for operating purposes of $1.2793 per $1,000 of assessed value. A reduction of $0.95 in the County's $1.2793 operating tax rate is a reduction of 74.25 percent. To provide the property tax relief described in Section 38(3) of the Lane County Home Rule Charter, the County will allow as a credit against the tax imposed by LC 4.531(1) an amount equal to 74.25% of the property taxes that are paid to Lane County for operating purposes during the tax year.

(a) The credit may be taken only by a taxfiler who is an owner of the property on which the tax is imposed, is the tenant under a lease which requires the tenant to pay the property taxes, or a person who has an obligation to pay taxes due on the property and who is either described in the Rules or is approved by the Tax Administrator.

(b) The total amount of credits that are taken by all taxfilers under any provision of the Lane County Public Safety Income Tax Code for a property tax payment shall not exceed the amount of that property tax payment, as provided in the Rules.

(c) The credit described in this LC 4.534(1) shall not be carried forward or carried back to any other tax year.

(d) If a credit described in this LC 4.534(1) is taken and the property taxes for which the credit is taken are reduced or refunded, the taxfiler shall pay to the County the portion of the credit that is allocable to the reduced or refunded taxes as provided in the Rules.

(e) The Rules may provide for allocation of the credit among owners and others entitled to the credit, including purchasers and sellers of property.

(f) To take the credit authorized by this subsection (1), a nonresident must be able to document to the satisfaction of the Tax Administrator that the nonresident is entitled to the credit under LC 4.534(1) and that the property taxes for which the credit is sought were paid during the tax year.

(2) Business Income Tax Credit. The amount of taxes imposed on a nonresident under LC 4.541(1) may be allowed as a credit against the taxes imposed by LC 4.531(1) to the extent provided in this subsection and in the Rules.

(a) The credit shall not exceed the amount of taxes imposed by LC 4.541(1) that are paid or accrued during the tax year.

(b) The Rules may limit the amount of the credit under this subsection so that the credit, as a percentage of the tax imposed under LC 4.531 (before the credit is taken), does not exceed the percentage that results from dividing the taxfiler's taxable business income from doing business within the County by the taxfiler's nonresident taxable income.

(c) The credit shall not be carried forward or carried back to any other tax year.

(d) For purposes of this section, any person receiving pass-through taxable income from a partnership, limited liability company, subchapter S corporation, trust, or other entity, shall be deemed to have paid the same proportion of such entity's Business Income Tax imposed under LC 5.541(1) as the amounts of such pass-through taxable income bears to the entity's entire taxable income.

(e) If a credit described in this LC 4.534(2) is taken and the taxes for which the credit is taken are reduced or refunded, the taxfiler shall pay to the County the portion of the credit that is allocable to the reduced or refunded taxes as provided in the Rules.

**4.535 Withholding.**

(1) Each employer providing wages to a nonresident employee who is performing services for the employer in Lane County shall withhold Lane County Public Safety Nonresident Income Taxes for that nonresident employee as provided in the Rules. Those Rules may exempt categories of wages from the withholding requirement.

(2) The amounts withheld under LC 4.535 shall be considered to be in part payment of the employee's tax liability under LC 4.531(1), and the return made by the employer pursuant to LC 4.535(3) shall be accepted as evidence in favor of the employee of the amounts so deducted from his/her wages.

(3) Except as may be specially provided in the Rules, each employer shall make payment to the Tax Administrator of the amount required to be withheld by this subchapter at the same time that each employer is required to pay over taxes withheld for

state income tax purposes for the same period, accompanied by a return in the form prescribed by the Tax Administrator. Each employer shall also file an annual return in the form prescribed by the Tax Administrator at the same time the employer files its annual report for state withholding.

(4) Each employer shall be liable for the payment of the taxes required to be deducted and withheld, whether or not the taxes are actually withheld.

(5) Each employer shall notify each employee of the amounts withheld in the same manner and at the same time as for withholding of taxes for state income tax purposes.

(6) If an employer fails to remit to the County amounts that have been withheld under this section, the responsible officers and employees of the employer shall be personally responsible for the amounts that were withheld but not remitted.

(7) Failure to file the appropriate return without reasonable excuse or failure to remit the amount withheld also subjects the employer to penalties under LC 4.566.

**4.536 Payments of Estimated Lane County Public Safety Nonresident Income Tax.**

Taxfilers who can be reasonably expected to have a tax liability under LC 4.531 of more than $500 from sources other than wages shall pay substantially equal, quarterly estimated tax payments as provided in the Rules. The Tax Administrator may establish a higher threshold than $500 for payment of estimated tax payments, and may provide alternative payment schedules or exemptions from the requirements of LC 4.536 for cases in which the Tax Administrator determines that making estimated payments is not practical or cost-effective.

## LANE COUNTY PUBLIC SAFETY BUSINESS INCOME TAX

### 4.540 Lane County Public Safety Business Income Tax.

The tax imposed under LC 4.541 to LC 4.548 may be referred to as the Lane County Public Safety Business Income Tax.

### 4.541 Imposition And Rate Of Public Safety Business Income Tax.

(1) Except as otherwise provided in this chapter, a tax is imposed upon each person doing business within the County equal to one percent (1%) of the person's taxable business income, effective with the tax years beginning on or after January 1, 2007.

(2) The payment of a tax required hereunder and the acceptance of such tax shall not entitle a taxfiler to carry on any business not in compliance with all the requirements of this code and all other applicable laws.

### 4.542 Requirement to File Return; Presumptive Tax.

(1) Each person engaging in business in the County shall file a Lane County Public Safety Business Income Tax return with the County for each tax year in which the person has gross business income from all business activities, both within and without the County, of $25,000 or more, regardless of whether that person is obligated to pay a Lane County Business Income Tax for that tax year. Except as provided in the Rules, the return shall be filed no later than the 15th day of the fourth month following the end of the person's tax year.

(2) If a person doing business in the County fails to file a return, a rebuttable presumption shall exist that the tax payable amounts to $500 for every tax year for which a return has not been filed.

(3) This section shall not be construed to prevent the Tax Administrator from assessing a tax of more or less than $500 for a tax year pursuant to LC 4.563(2).

### 4.543 Exemptions.

To the extent set forth below, the following persons or business incomes are exempt from tax requirements imposed by the Lane County Public Safety Business Income Tax Code:

(1) The United States of America, the State of Oregon and any other State of the United States, the County and any other county, cities, public schools, special districts, peoples' utility districts and other units of local government.

(2) Persons whom the County is prohibited from taxing under the Constitution or laws of the United States or the Constitution or laws of the State of Oregon or County Charter.

(3) Persons whose gross business income from all business, both within and without the County, amount to less than $25,000 in any tax year. The Tax Administrator may require any person claiming this exemption to certify the amount of the person's business income for any tax year, and to provide supporting documentation.

(4) Corporations exempt from the State of Oregon Corporation Excise Tax under ORS 317.080, provided that any such corporation subject to the tax on unrelated business income under ORS 317.920 to 317.930 shall pay a tax based solely on such business income.

(5) Trusts exempt from federal income tax under Internal Revenue Code Section 501, provided that any exempt trust subject to tax on unrelated business income and certain other activities under Internal Revenue Code Section 501(b) shall be subject to the tax under this chapter based solely on that income.

(6) Any individual whose only business income arises exclusively from the following:

(a) Sales, exchanges or involuntary conversions of real property not held for sale in the ordinary course of a business, unless the real property is used in the business in connection with the production of income; or

(b) The sale of personal property acquired for household or other personal use by the seller; or

(c) Interest and dividend income earned from investments if the income is not created in the course of or related to the taxfiler's business activities; or

(d) Gains or losses incurred from the sale of assets which are not a part of a business; or

(e) The renting or leasing of residential real property, if the beneficial owner of such real property does not rent or lease more than four dwelling units, at least one of which is within the County.

(7) Any person whose only business transactions are exclusively limited to the following activities:

(a) Raising, harvesting and selling of the person's own crops, or the feeding, breeding, management and sale of the person's own livestock, poultry, furbearing animals or honeybees, or sale of the produce thereof, or any other agricultural, horticultural or animal husbandry activity carried on by any person on the person's own behalf and not for others, or dairying and the sale of dairy products to processors. This exemption shall not apply if, in addition to the farm activities described in this subsection, the person does any processing of the person's own farm products which changes their character or form, or the person's business includes the handling, preparation, storage, processing or marketing of farm products raised or produced by

others; or the processing of milk or milk products whether produced by said person or by others for retail or wholesale distribution.

(b) Operating within a permanent structure a display space, booth or table for selling or displaying merchandise by an affiliated participant at any trade show, convention, festival, fair, circus, market, flea market, swap meet or similar event for less than 14 days in any tax year.

**4.544 Credit for Lane County Property Taxes Paid.**

(1) Lane County Property Taxes Paid. The County is authorized to impose a property tax rate for operating purposes of $1.2793 per $1,000 of assessed value. A reduction of $0.95 in the County's $1.2793 operating tax rate is a reduction of 74.25 percent. To provide the property tax relief described in Section 38(3) of the Lane County Home Rule Charter, the County will allow as a credit against the tax imposed by LC 4.541(1) an amount equal to 74.25% of the property taxes that are paid to Lane County for operating purposes during the tax year.

(2) The credit may be taken only by a taxfiler who is an owner of the property on which the tax is imposed, is the tenant under a lease which requires the tenant to pay the property taxes, or a person who has an obligation to pay taxes due on the property and who is either described in the Rules or is approved by the Tax Administrator.

(3) The total amount of credits that are taken by all taxfilers under any provision of the Lane County Public Safety Income Tax Code for a property tax payment shall not exceed the amount of that property tax payment, as provided in the Rules.

(4) The credit described in this LC 4.544 shall not be carried forward or carried back to any other tax year.

(5) If a credit described in this LC 4.544 is taken and the property taxes for which the credit is taken are reduced or refunded, the taxfiler shall pay to the County the portion of the credit that is allocable to the reduced or refunded taxes as provided in the Rules.

(6) The Rules may provide for allocation of the credit among owners and others entitled to the credit, including purchasers and sellers of property.

(7) To take the credit authorized by LC 4.544, a taxfiler must be able to document to the satisfaction of the Tax Administrator that the taxfiler is entitled to the credit under LC 4.544 and that the property taxes for which the credit is sought were paid during the tax year.

**4.545 Deductions.**

The following amounts may be deducted from business income to compute taxable business income:

(1) The aggregate of the net operating losses incurred in prior years, subject to the following limitations:

(a) The deduction taken in any tax year shall not exceed 75% of the taxfiler's business income for that tax year, calculated before this deduction but after other deductions from business income allowed by this section and after apportionment for business activity both within and without the County

(b) When the operations of the taxfiler from doing business both within and without the County result in a net operating loss, such loss shall be apportioned in the same manner as business income under LC 4.548.

(c) In computing the net operating loss for any tax year, the net operating loss used in a prior tax year shall not be allowed as a deduction.

(d) The net operating loss of the earliest tax year available shall be exhausted before a net operating loss from a later tax year may be deducted.

(e) The net operating loss in any tax year may be carried forward and deducted only in the five succeeding tax years.

(f) Any partial tax year shall be treated the same as a full tax year in determining the appropriate carry-forward period.

(g) In no case may a net operating loss be carried forward from any tax year:

(i) during which the taxfiler conducted no business within the County or the taxfiler was not required to file a Lane County Public Safety Business Income Tax return.

(ii) for any tax year which ended before January 1, 2007 or the effective date of the Lane County Public Safety Income Tax Code, whichever is later.

(2) Business income arising from transactions which the County is prohibited from taxing under the Constitution or the laws of the United States or the Constitution or laws of the State of Oregon or County Charter.

**4.546 Presumption Of Doing Business.**

A person is presumed to be doing business in the County and subject to the Lane County Public Safety Income Tax Code if engaged in any of the following activities:

(1) Advertising or otherwise professing to be doing business within the County;

(2) Delivering goods or providing services to customers within the County;

(3) Owning, leasing or renting personal or real property within the County which is used in a trade or business;

(4) Engaging in any transaction involving the production of income from holding property or the gain from the sale of property, which is not otherwise exempted in this chapter. Property may be personal, including intangible, or real in nature; or

(5) Engaging in any activity in pursuit of gain which is not otherwise exempted in this chapter.

**4.547 Payments of Estimated Lane County Public Safety Business Income Tax.**

Taxfilers who can be reasonably expected to have a tax liability under LC 4.541 of more than $500 shall pay substantially equal, quarterly estimated tax payments as provided in the Rules. The Tax Administrator may establish a higher threshold than $500 for payment of estimated tax payments, and may provide alternative payment schedules or exemptions from the requirements of LC 4.547 for cases in which the Tax Administrator determines that making estimated payments is not practical or cost-effective.

**4.548 Apportionment Of Business Income.**

(1) Business activity includes any elements of doing business. However, a person shall not be considered to have engaged in business activities solely by reason of sales of tangible personal property in any state or political subdivision, or solely by reason of the solicitation of orders for sales of tangible personal property in any state or political subdivision. Business activities conducted on behalf of a person by independent contractors are not considered business activities by the person in any state or political subdivision.

(2) In computing the Business Income Tax, any taxfiler having business income from business activity both within and without the County shall determine the business income apportioned to the County by multiplying the total net business income from the taxfiler's business by a fraction, the numerator of which is the total gross income of the taxfiler from business activity in the County during the tax year, and the denominator of which is the total gross income of the taxfiler from business activity everywhere during the tax year.

(3) In determining the apportionment of gross income within the County under subsection (2):

(a) Sales of tangible personal property shall be deemed to take place in the County if the property is delivered or shipped to a purchaser within the County regardless of the f.o.b. point or other conditions of sale. Sales of tangible personal property shipped from the County to a purchaser located where the taxfiler is not taxable shall not be apportioned to the County.

(b) Sales other than sales of tangible personal property shall be deemed to take place in the County, if the income producing activity is performed in the County or the income producing activity is performed both in and outside the County and a greater portion of the income producing activity is performed in the County than outside the County based on costs of performance.

(4) Certain industries or incomes shall be subject to specific apportionment or allocation methodologies. Such methodologies shall be described in the Rules. Industry specific or income specific apportionment methodologies required by Oregon Revised Statutes shall be used in cases where no rule has been adopted by the Tax Administrator regarding the apportionment of such industry or income. In those specific cases where the State of Oregon has directed allocation of income, such income shall be apportioned for purposes of this chapter, unless allocation is otherwise allowed in this chapter.

(5) If the apportionment provisions of subsection (2) do not fairly represent the extent of the taxfiler's business activity in the County and result in the violation of the taxfiler's rights under the Constitution of the State of Oregon or the United States, the taxfiler may petition the Tax Administrator to permit the taxfiler to:

(a) Utilize the method of allocation and apportionment used by the taxfiler under the applicable laws of the State of Oregon imposing taxes upon or measured by net income; or

(b) Utilize any other method to effectuate an equitable apportionment of the taxfiler's income.

## LANE COUNTY PUBLIC SAFETY INCOME TAX
## GENERAL AND ADMINISTRATIVE PROVISIONS

### 4.550 Changes To Federal Or State Tax Returns.

(1) If a taxfiler's reported net income under applicable State of Oregon laws imposing a tax on or measured by income is changed by the Federal Internal Revenue Service or the State of Oregon Department of Revenue, or amended by the taxfiler to correct an error in the original federal or State of Oregon return, that taxfiler shall file a report of such change with the Tax Administrator within 60 days after the date of the notice of the final determination of change or after an amended return is filed with the federal or State of Oregon agencies. The report shall be accompanied by an amended tax return with respect to such income and by any additional tax, penalty, and interest due.

(2) If a taxfiler claimed a property tax credit under any provision of the Lane County Public Safety Income Tax Code and the property taxes on which the credit was based are refunded to any person for any reason, that taxfiler shall report the refund to the Tax Administrator within 60 days after the date of the refund is paid. The report shall be accompanied by an amended tax return reducing the credit taken, and by any additional tax, penalty, and interest due.

(3) The Tax Administrator may assess deficiencies and grant refunds resulting from changes to federal, State of Oregon or local tax returns within the time periods provided for in LC 4.563, treating the report of change in federal, State of Oregon or local tax returns as the filing of an amended tax return.

(4) The Tax Administrator may assess penalties and interest on the additional tax due as provided in LC 4.566 and LC 4.567 or may refuse to grant a refund of taxes as a result of the amended return if the amended return is not filed with the Tax Administrator within the time limits set forth in subsection (1).

### 4.551 Rules of Construction and Presumptions.

The Lane County Public Safety Income Tax Code is intended to apply uniformly and fairly to persons subject to its provisions, and to maximize revenues that are available for the purposes described in LC 4.500(2). To achieve these goals:

(1) The provisions of the Lane County Public Safety Income Tax Code and the Rules that define such terms as "resident," "Oregon taxable income," "County taxable income," "business," "doing business," "nonresident income," "nonresident taxable income" and "business income," shall be construed liberally;

(2) The provisions of the Lane County Public Safety Income Tax Code and the Rules relating to exemptions, credits and deductions shall be construed narrowly; and,

(3) Unless the Lane County Public Safety Income Tax Code or the Rules clearly and explicitly provides to the contrary:

(a) All persons engaging, directly or indirectly, in any activity within the County shall be rebuttably presumed to be doing business in the County unless they are residents of the County.

(b) All revenues and other amounts reasonably allocable to each person shall be rebuttably presumed to be business income of that person or personal income of that person.

(4) Each person shall have the burden of establishing that the person is not subject to the Lane County Public Safety Income Tax, that revenues and other amounts reasonably allocable to that person are not income that is subject to the Lane County Public Safety Income Tax, or that those revenues and other amounts qualify for an exemption, credit or deduction explicitly provided by the Lane County Public Safety Income Tax Code or the Rules.

(5) The Lane County Public Safety Income Tax Code and the Rules shall be construed in conformity with the laws and regulations of the State of Oregon imposing taxes on or measured by net income as they are in effect on January 1, 2007. The Tax Administrator shall have the authority by administrative rules adopted in accordance with LC 4.553, to connect to or disconnect from any legislative enactment that deals with income or excise taxation or the definition of income.

(6) Should a question arise under the Lane County Public Safety Income Tax Code on which the Lane County Public Safety Income Tax Code or the Rules are silent, the Tax Administrator may look to the laws of the State of Oregon for guidance in resolving the question, as long as the laws of the State of Oregon law is not in conflict with the provisions of Lane County Public Safety Income Tax Code.

**4.552 Administration.**

(1) The Tax Administrator shall have the authority to administer and enforce all provisions of this chapter, including but not limited to, administrative return processing, auditing, determinations, enforcement, collection of taxes, penalties and interest, protests and appeals.

(2) The Tax Administrator shall have access to and maintain all tax filings and records, under this chapter, on behalf of the County. The Tax Administrator may, upon request, interpret how this chapter applies, in general or for a certain set of circumstances. Nothing in this chapter shall preclude the informal disposition of controversy by written stipulation or written agreed settlement.

(3) The Tax Administrator shall have the authority to make payments in lieu of credits if the Tax Administrator determines that payments are necessary to comply with the Constitution or laws of the United States or the Constitution or laws of the State of Oregon.

**4.553 Administrative Authority.**

(1) The Tax Administrator may implement procedures, forms, and written policies for administering the provisions of the Lane County Public Safety Income Tax Code.

(2) The Tax Administrator may adopt rules to implement and clarify provisions of the Lane County Public Safety Income Tax Code, and to provide for the administration of the Lane County Public Safety Income Tax Code.

(3) Before adopting a new rule, the Tax Administrator shall hold a public hearing. Prior to the hearing, the Tax Administrator shall publish a notice in a newspaper of general circulation in the County. The notice shall be published not less than ten nor more than 30 days before the hearing. Such notice shall include the place, time and purpose of the public hearing, a brief description of the subjects covered by the proposed rule, and the location where copies of the full text of the proposed rule may be obtained.

(4) At the public hearing, the Tax Administrator, or designee, shall take oral and written testimony concerning the proposed rule. The Tax Administrator shall either adopt the proposed rule, modify, or reject it, taking into consideration the testimony received during the public hearing. If a substantial modification is made, additional public review shall be conducted, but no additional public notice shall be required if an announcement is made at the hearing of a future hearing for a date, time and place certain at which the modification will be discussed. Unless otherwise stated, all Rules shall be effective upon adoption by the Tax Administrator. All Rules shall be filed in the Tax Administrator's office. Copies of all current Rules shall be made available to the public upon request.

(5) Notwithstanding subsections (3) and (4) , the Tax Administrator may adopt an interim rule without prior public notice upon a finding that failure to act promptly will result in serious prejudice to the public interest or the interest of the affected parties, stating the specific reasons for such prejudice. Any interim rule adopted pursuant to this subsection shall be effective for a period of not longer than 180 days.

**4.554 Lane County Public Safety Income Tax Returns.**

(1) Tax returns shall be on forms provided or approved by the Tax Administrator.

(2) All income tax returns shall be filed, together with the specified tax by the fifteenth day of the fourth month following the end of the tax year. If such fifteenth day falls on a Saturday, Sunday or a day on which the County is authorized by law to remain closed, such filing will be due on the next day on which the County is open.

(3) The Tax Administrator may, for good cause, grant extensions for filing returns, except that no extension may be granted for more than six months beyond the initial due date. The Tax Administrator will honor federal and state extensions. This extension does not extend the time to pay the tax.

(4) The tax return shall contain a written declaration, verified by the taxfiler, to the effect that the statements made therein are true.

(5) The Tax Administrator shall prepare blank tax returns and make them available upon request. Failure to receive or secure a form shall not relieve any person from the obligation to pay a tax under the Lane County Public Safety Income Tax Code.

**4.555 Schedule For Payment Of Estimated Taxes.**

(1) Unless otherwise provided in the Rules, a taxfiler required under the Lane County Public Safety Income Tax Code to make payments of estimated tax shall make the payments in installments as follows:

(a) One quarter or more of the estimated tax on or before the fifteenth day of the fourth month of the tax year;

(b) One quarter or more of the estimated tax on or before the fifteenth day of the sixth month of the tax year;

(c) One quarter or more of the estimated tax on or before the fifteenth day of the ninth month of the tax year; and

(d) The balance of the estimated tax shall be paid on or before the fifteenth day of the twelfth month of the tax year.

(2) Any payment of the estimated tax received by the Tax Administrator for which the taxfiler has made no designation of the quarterly installment to which the payment is to be applied, shall first be applied to underpayments of estimated tax due for any prior quarter of the tax year. Any excess amount shall be applied to the installment that next becomes due after the payment was received.

(3) If any payment due date under this section falls on a Saturday, Sunday or a day on which the County is authorized by law to remain closed, such payment will be due on the next day on which the County is open.

**4.556 Ownership Of Taxfiler Information.**

The County shall be the sole owner of all taxfiler information obtained under the Lane County Public Safety Income Tax Code. The County Administrator, the Tax Administrator and their designees shall have access to all taxpayer information, subject to LC 4.557.

**4.557 Confidentiality.**

(1) Except as provided in this chapter or otherwise required by law, it shall be unlawful for the Tax Administrator, or any elected official, employee, or agent of the County, or for any person who has acquired information pursuant to LC 4.558 (1) and (3) to divulge, release, or make known in any manner any financial information submitted or disclosed to the County by a taxfiler under the terms of the Lane County Public Safety Income Tax Code.

(2) Nothing in this section shall be construed to prohibit:

(a) The disclosure of the names and addresses of any persons who have filed a return; or

(b) The disclosure of general statistics in a form which would prevent the identification of financial information regarding a particular taxfiler.

(c) Disclosure in the course of filing of any legal action by or on behalf of the Tax Administrator, or the release of amounts due to a collection agency to obtain payment on unpaid accounts.

(d) The disclosure of property tax information that is available as a public record, or any actions taken by County employees to verify property tax information that affects a credit claimed under the Lane County Public Safety Income Tax Code.

**4.558 Persons To Whom Information May Be Furnished.**

(1) Disclosure.

(a) The Tax Administrator may disclose and give access to information described in LC 4.557(1) to an authorized representative of the Internal Revenue Service, Oregon Department of Revenue, other states, the County or any other unit of local government of the State of Oregon imposing taxes upon or measured by gross receipts, business income or net income, personal income or property for the following purposes:

(i) To inspect the tax return of any taxfiler;

(ii) To obtain an abstract or copy of the tax return;

(iii) To obtain information concerning any item contained in any return;

(iv) To obtain information of any financial audit of the tax returns of any taxfiler;

(v) To maintain compliance with state or federal law (such as providing social security numbers to the Internal Revenue Service with 1099G filings or refunds issued).

(b) Such disclosure and access shall be granted only if the laws, regulations or practices of such other jurisdiction maintain the confidentiality of such information at least to the extent provided by the Lane County Public Safety Income Tax Code.

(2) Upon request of a taxfiler, or authorized representative, the Tax Administrator shall provide copies of any tax return information filed by the taxfiler in the Tax Administrator's possession.

(3) The Tax Administrator or the County may allow the County's employees and agents access to the information described in LC 4.557(1) to the extent necessary for such employees or agents to perform their duties under and administer the Lane County Public Safety Income Tax Code.

(4) All employees and agents of the County or the Tax Administrator, prior to the performance of duties involving access to financial information submitted to the County under the terms of the Lane County Public Safety Income Tax Code, shall be advised in writing of the provision of LC 4.571 relating to penalties for the violation of LC 4.557 and LC 4.558. Such employees and agents shall execute a certificate in a form prescribed by the Tax Administrator, stating that the person has reviewed these provisions of law, has had them explained, and is aware of the penalties for the violation of LC 4.557 and LC 4.558.

(5) Prior to any disclosures permitted by this section, all persons described in subsection (1), to whom disclosure or access to financial information is given, shall:

(a) Be advised in writing of the provisions of LC 4.571 relating to penalties for the violation of LC 4.557 and LC 4.558; and

(b) Execute a certificate in a form prescribed by the Tax Administrator, stating these provisions of law have been reviewed and they are aware of the penalties for the violation of LC 4.557 and LC 4.558.

(6) The Tax Administrator's signature on the certificate required by LC 4.558(5) shall constitute consent to disclosure to the persons executing the certificate.

**4.559 Taxfiler Representation.**

No person shall be recognized as representing any taxfiler in regard to any matter relating to the tax of such taxfiler without written authorization of the taxfiler or unless the Tax Administrator determines from other available information the person has authority to represent the taxfiler.

**4.560 Representation Restrictions.**

(1) No employee or official of the County, the Tax Administrator, or any public agency authorized to collect taxes imposed by this chapter, shall represent any taxfiler in any matter before the Tax Administrator. This restriction against taxfiler representation shall continue for two years after termination of employment or official status.

(2) Members of the Appeals Board shall not represent a taxfiler before the Appeals Board. No member of the Appeals Board shall participate in any matter before the board if the appellant is a client of the member or the member's firm.

**4.561 Examination Of Books, Records Or Persons.**

(1) The Tax Administrator may examine or require copies of any books, papers, records, or memoranda, including state and federal income or excise tax returns and county property tax records, to ascertain the correctness of any tax return or to make an estimate of any tax. Additionally, the Tax Administrator shall have the authority, after notice, to:

(a) Require the attendance of any taxfiler, and officers, agents, or other persons with knowledge of the taxfiler's personal income or business operations, at any reasonable time and place the Tax Administrator may designate;

(b) Take testimony, with or without the power to administer oaths to any person required to be in attendance; and

(c) Require proof for the information sought, necessary to carry out the provisions of this chapter.

(2) The Tax Administrator shall designate the employees who shall have the power to administer oaths hereunder. Such employees shall be notaries public of the State of Oregon.

**4.562 Records.**

Every taxfiler shall keep accurate documents and records, including State of Oregon and federal income and excise tax returns and property tax bills and payments, regarding the information and calculations that are reported on the taxfiler's tax return for each year. Every taxfiler shall maintain these documents and records for at least three years, and shall not dispose of any of these documents and records until the later of three years after: (i) the filing of any return that is affected by the deduction of net operating losses, or (ii) the closing of any open federal or state income tax audit or property tax appeal.

**4.563 Deficiencies And Refunds.**

(1) Deficiencies may be assessed and refunds granted any time within the period provided under ORS 314.410, 314.415, and 317.950. The Tax Administrator may by agreement with the taxfiler extend such time periods to the same extent as provided by statute.

(2) Notwithstanding subsection (1), if no tax return is filed, the Tax Administrator may determine taxes due under this chapter at any time based on the best information available to the Tax Administrator. Taxes determined under this subsection shall be assessed and subject to penalties and interest from the date the taxes should have been paid as provided in this Lane County Public Safety Income Tax Code and the Rules. The Tax Administrator shall send notice of the determination and assessment to the affected taxfiler.

(3) Consistent with ORS 314.410(3), in cases where no tax return has been filed, there shall be no time limit for a notice of deficiency and/or the assessment of taxes, penalty and interest due.

(4) The Rules may specify the minimum refund the County is obligated to pay. The minimum shall be the amount that the Tax Administrator determines would be cost-effective to process and pay.

**4.564 Payment Plan Fee.**

If a person fails to pay the Lane County Public Safety Income Tax when due, the Tax Administrator may establish a payment plan pursuant to written policy. The Tax Administrator may charge a set up fee for each payment plan established.

**4.565 Protests And Appeals.**

(1) Any determination by the Tax Administrator may be protested by the taxfiler. Written notice of the protest must be received by the Tax Administrator within 30 days after the notice of determination was mailed or delivered to the taxfiler. The protest shall state the name and address of the taxfiler and an explanation of the grounds for the protest. The Tax Administrator shall respond within 30 days after the protest is filed with the Tax Administrator with either a revised determination or a final determination. The Tax Administrator's determination shall include the reasons for the determination and state the time and manner for appealing the determination. The time to file a protest or the time for the Tax Administrator's response may be extended by the Tax Administrator, for good cause. Requests for extensions of time must be received prior to the expiration of the original 30-day protest deadline. Written notice shall be given to the taxfiler if the Tax Administrator's deadline is extended.

(2) Any final determination by the Tax Administrator may be appealed by the taxfiler to the Appeals Board. Written notice of the appeal must be received by the Tax Administrator within 30 days after the final determination was mailed or delivered to the appellant. The notice of appeal shall state the name and address of the appellant and include a copy of the final determination.

(3) Filing Appeals.

(a) Within 90 days after the final determination was mailed or delivered to the taxfiler, the appellant shall file with the Appeals Board a written statement containing:

(i) The reasons the Tax Administrator's determination is incorrect; and

(ii) What the correct determination should be.

(b) Failure to file such a written statement within the time permitted shall be deemed a waiver of any objections, and the appeal shall be dismissed.

(4) Within 150 days after the final determination was mailed or delivered to the taxfiler, the Tax Administrator shall file with the Appeals Board a written response to the appellant's statement. A copy of the Tax Administrator's response shall be promptly mailed to the address provided by the appellant.

(5) The appellant shall be given not less than 14 days prior written notice of the hearing date and location. The appellant and the Tax Administrator shall have the opportunity to

present relevant testimony and oral argument. The Appeals Board may request such additional written comment and documents as it deems appropriate.

(6) Decisions of the Appeals Board shall be in writing, state the basis for the decision and be signed by the Appeals Board chair.

(7) The decision of the Appeals Board shall be final on the date it is issued and no further administrative appeal shall be provided.

(8) The filing of an appeal with the Appeals Board shall temporarily suspend the obligation to pay any tax that is the subject of the appeal pending a final decision by the Appeals Board.

**4.566 Penalties.**

(1) Penalty for Failure to File Returns.

(a) A penalty shall be assessed if:

(i) A taxfiler or employer fails to file a tax return or extension request at the time required by the Lane County Public Safety Income Tax Code and the Rules; or

(ii) A taxfiler fails to pay a tax when due; or,

(iii) An employer fails to pay withholdings to the County at the times required by the Lane County Public Safety Income Tax Code and the Rules.

(b) The penalty under subsection (1) shall be calculated as:

(i) Five percent of the total tax or payment liability if the failure is for a period less than six months;

(ii) An additional penalty of 20% of the total tax or payment liability if the failure is for a period of six months or more; and

(iii) An additional penalty of 100% of the total tax or payment liability for all tax years if the taxfiler or employer fails to file within three calendar years after the tax return is due.

(2) Penalties if An Extension is requested.

(a) A penalty shall be assessed if a person who has filed an extension request:

(i) Fails to file a tax return by the extended due date; or

(ii) Fails to pay the amounts due under the Lane County Public Safety Income Tax Code and the Rules by the extended due date.

(b) The penalty under subsection (2) shall be calculated as:

(i) Five percent of the total tax or payment liability if the failure is for a period of less than six months; and,

(ii) An additional penalty of 20% of the total tax or payment liability if the failure is for a period of six months or more.

(3) Penalty for Failure to Pay.

(a) In addition to the penalties authorized by LC 4.566(1) and LC 4.566(2), a penalty shall be assessed if a person:

(i) Fails to pay at least 90% of the total tax or payment liability by the original due date; or

(ii) Fails to pay at least 100% of the prior year's total tax or payment liability by the original due date.

(b) The penalty under subsection (3) shall be calculated as:

(i) Five percent of the tax underpayment if the failure is for a period less than six months;

(ii) An additional penalty of 20% of the tax underpayment if the failure is for a period of six months or more; and,

(iii) An additional penalty of 100% of the total tax or payment liability for all tax years if the taxfiler fails to pay within three calendar years after the payment is due.

(4) Additional Civil Penalties.

(a) The Tax Administrator may impose a civil penalty of up to $500 for each of the following violations of this chapter:

(i) Failure to file any tax return within 90 days of the Tax Administrator's original written notice to file;

(ii) Failure to pay any tax within 90 days of the Tax Administrator's original written notice for payment; or

(iii) Failure to provide documents as required by LC 4.561 within 90 days of the Tax Administrator's original written notice to provide documents.

(b) The Tax Administrator may impose a civil penalty under LC 4.566(4) only if the Tax Administrator gave notice of the potential for assessment of civil penalties for failure to comply or respond in the original written notice.

(5) The Tax Administrator may waive or reduce any penalty determined under LC 4.566 for good cause. The Tax Administrator may look to state statutes and administrative rules for guidance in waiver or reduction of any penalty.

**4.567 Interest.**

(1) Interest shall be collected on any unpaid tax at the rate provided in ORS 305.220, computed from the original due date of the tax to the fifteenth day of the month following the date of payment.

(2) Interest shall be collected on any unpaid or underpaid quarterly estimated payment required by the Lane County Public Safety Income Tax Code at the rate provided in ORS 305.220, computed from the due date of each quarterly estimated payment to the original due date of the tax return to which the estimated payments apply.

(3) Notwithstanding subsection (2), there shall be no interest on underpayment of quarterly estimated payments if:

(a) The total tax liability of the prior tax year was less than $1,000;

(b) An amount equal to at least 90% of the total tax liability for the current tax year was paid in accordance with LC 4.555; or

(c) An amount equal to at least 100% of the prior year's total tax liability was paid in accordance with LC 4.555.

(4) For purposes of subsection (2), the amount of underpayment is determined by comparing the 90% of the current total tax liability amount to quarterly estimated payments made prior to the original due date of the tax return.

(5) If a person fails to file a tax return on the prescribed date, or any extension thereof granted under LC 4.554(3), the Tax Administrator may determine the tax due based on the best information available to the Tax Administrator. If the Tax Administrator determines the tax due under this subsection, the Tax Administrator shall assess appropriate penalties and interest and shall send notice to such person of the determination and assessment.

(6) For purposes of subsection (1), the amount of tax due on the tax return shall be reduced by the amount of any tax payment made on or before the due date for payment of the tax in accordance with LC 4.554(2) or LC 4.555.

(7) Interest at the rate specified in subsection (1) shall accrue from the original due date without regard to any extension of the filing date.

(8) The Administrator may waive or reduce interest for good cause. The Administrator may look to ORS 305.145 and OAR 150-305.145 for guidance in the waiver of interest. Additionally, for tax liabilities accruing during the calendar year 2007, the Tax

Administrator may consider the fact that calendar year 2007 is the initial year of the Lane County Public Safety Income Tax Code.

**4.568 Payments Applied.**

Payments received shall first be applied to any penalty accrued, then to interest accrued, then to taxes due. Payments applied to taxes due shall be applied to the oldest tax years first.

**4.569 Interest On Refunds.**

When, under a provision of the Lane County Public Safety Income Tax Code, taxfilers are entitled to a refund of a portion or all of a tax paid to the Tax Administrator, they shall receive simple interest on such amount at the rate specified in LC 4.567(1), subject to the following:

(1) Any overpayments shall be refunded with interest for each month or fraction thereof for a period beginning four months after the due date or the date the tax was paid, whichever is later, to the date of the refund;

(2) Any overpayments of estimated tax shall be refunded with interest for each month or fraction thereof for the period beginning four months after the date the final return was filed; and

(3) Any overpayments of taxes that are the result of an amended return being filed shall be refunded with interest for each month or fraction thereof for the period beginning four months after the date the amended return was filed. This subsection shall apply to applications that are amended due to a change to the federal or State of Oregon tax return.

**4.570 Taxes, Interest and Penalties are Personal Liabilities.**

The taxes, and the obligations of any employer to withhold taxes, and the obligations to pay any interest and penalties assessed under the Lane County Public Safety Income Tax Code shall be personal obligations and personal debts due to Lane County from the taxfilers and employers. The Administrator may pursue collection of these obligations and debts through all legal and available means.

**4.571 Criminal Penalties.**

Violation of LC 4.557 or LC 4.558 is punishable, upon conviction thereof, by a fine not exceeding $1,000 or by imprisonment for a period not exceeding 12 months, or by both fine and imprisonment. In addition, any County employee convicted for violation of LC 4.557 or LC 4.558 shall be dismissed from employment and shall be barred from employment for a period of five years thereafter. Any agent of the County shall, upon conviction, be ineligible for participation in any County contract for a period of five years thereafter.

LEGISLATIVE FORMAT

# Chapter 4

## TAXES

## DIFFERENTIAL TAXES

**4.~~500~~005 Definitions.**
In addition to the general definitions included in LC 1.010, the following definitions apply:

Incorporated Cities. The area encompassed by the cities of Coburg, Cottage Grove, Creswell, Dunes City, Eugene, Florence, Junction City, Lowell, Oakridge, Springfield, Veneta, Westfir and any other city incorporated pursuant to ORS Chapter 221.

Special District. The area encompassed by any district, as defined in ORS 198.010-198.955, and duly organized under state law. *(Revised by Ordinance No. 9-95, Effective 11.3.95)*

**4.~~505~~010 Geographic Tax Classification.**
The Board may, upon making the findings required by LC 4.~~510~~015 below, adopt a measure or refer a measure to the electors which provides a different tax burden on one class of taxpayers than is imposed upon another class of taxpayers. Any class of taxpayers so determined by the Board shall be identified on a geographical basis, and may include distinctions, as substantiated by the findings, among incorporated cities, special districts, and areas outside the boundaries of cities or districts. *(Revised by Ordinance No. 9-95, Effective 11.3.95)*

**4.~~510~~015 Required Findings.**
Any difference in tax burden imposed within separate geographic boundaries within Lane County, Oregon shall meet the following criteria:

(1) Differences in services to be provided in different geographic areas must be real and substantial.

(2) Geographic boundaries shall be drawn so that services provided within designated areas are qualitatively different from services provided within other geographical areas.

(3) Services provided within the different geographical areas must be unique.

(4) Any differences in tax burdens shall be based upon the actual costs of providing services and administration. *(Revised by Ordinance No. 9-95, Effective 11.3.95)*

## LANE COUNTY TRANSIENT ROOM TAX

**4.100 Title.**
This subchapter may be referred to as the Lane County Transient Room Tax. *(Revised by Ordinance No. 8-73, Effective 9.14.73)*

**4.105 Definitions.**
In addition to the general definition included in LC 1.010, the following definitions apply:

LC 4.500 through 4.571 is all new text, so no legislative format is provided.

**Renter relief option:**

Insert the following language as a new subsection (3) at the end of LC 4.524 (Credits - Personal Income Tax):

(3) Renters. The amount of $30.00 may be allowed as a credit against the tax imposed by LC 4.521(1) for each personal residence that is subject to *ad valorem* property taxation by Lane County to the extent provided in this subsection and in the Rules.

(a) The credit may be taken only by a resident who is a tenant in that personal residence and who has no ownership interest in the residence.

(b) Only one credit shall be allowed for each personal residence for each tax year.

(c) No credit shall be available for personal residences that are exempt from *ad valorem* property taxation or for which ad valorem property taxes are wholly deferred, and only a partial credit shall be available for personal residences that benefit from a partial property tax exemption or other reduction in assessed value.

(d) The Rules may provide that a partial credit may be taken when the resident has rented the personal residence for less than a full calendar year or when a personal residence benefits from a partial property tax exemption or other reduction in assessed value. The Rules also may allow multiple tenants at the same personal residence to share a single credit.

(e) The credit authorized by this subsection (3) shall not be carried forward or carried back to any other tax year.

(f) To take the credit authorized by this subsection (3), a taxfiler must be able to document to the satisfaction of the Tax Administrator that the taxfiler qualifies for this credit.

Option 4



**Graduated income tax option:**

*Eliminate Low Income Exemptions*

Delete LC 4.523 (low income exemption for personal income tax) and LC 4.533 (low income exemption for nonresident income tax).

*Personal income tax*: LC 4.521(1) is revised to read:

(1) Except as otherwise provided in this chapter, a tax is imposed for each taxable year on the County taxable income of each resident, effective with tax years beginning on or after January 1, 2007. The amount of the tax shall be determined in accordance with the following table:

| If the County taxable income is: | The tax is: |
|---|---|
| $20,000 or less | One half percent of the County taxable income |
| More than $20,000 | $100.00 plus one percent of the excess over $20,000 |

*Nonresident income tax:* LC 4.531(1) is revised to read:

(1) Except as otherwise provided in this chapter, a tax is imposed for each taxable year on the nonresident taxable income of each nonresident, effective with tax years beginning on or after January 1, 2007. The amount of the tax shall be determined in accordance with the following table:

| If nonresident taxable income is: | The tax is: |
|---|---|
| $20,000 or less | One half percent of the nonresident taxable income |
| More than $20,000 | $100.00 plus one percent of the excess over $20,000 |

*Business income tax:* LC 4.541(1) is revised to read:

(1) Except as otherwise provided in this chapter, a tax is imposed for each taxable year on the taxable business income of each person doing business within the County, effective with tax years beginning on or after January 1, 2007. The amount of the tax shall be determined in accordance with the following table:

| If taxable business income is: | The tax is: |
|---|---|
| $20,000 or less | One half percent of the taxable business income |
| More than $20,000 | $100.00 plus one percent of the excess over $20,000 |

Option 5



1) Change figure in LC 4.522(1) and 4.532(1) from $2,500 to $7,500.

2) Change figure in LC 4.52~~3~~2(2) and 4.53~~3~~2(2) from $5,000 to $15,000.