

**BALLOT TITLE AND EXPLANATORY STATEMENT FOR PROPOSED METRO INITIATIVE**

*Submitted February 12, 2016 by Alison R. Kean, Metro General Counsel*

**Caption:**

Business payroll tax for Portland State University scholarships, instructors, advisors. (10 words)

**Question:**

Shall voters enact region-wide business payroll tax for Portland State University scholarships, instructors, advisors; assign tax administration responsibility to Metro? (20 words)

**Summary:**

Measure enacts a region-wide business payroll tax to provide funding for Portland State University need-based scholarships and student support. Measure declares PSU funding a matter of metropolitan concern, assigning Metro and the Oregon Department of Revenue responsibility to collect the tax and provide the funds to PSU. Tax rate is one-tenth of one percent on wages paid to employees working within the metropolitan region. Measure allows PSU to use the tax revenue only for:

- Need-based scholarships for PSU students from the metropolitan region;
- PSU counselors, advisors, tutors, teachers and professors;
- Emergency tuition assistance for PSU students;
- Collection, distribution and oversight of the tax.

Measure requires bi-annual audits by Metro Auditor and bi-annual reports by PSU. If the State of Oregon reduces funding for PSU due to the tax, the tax will be suspended. Tax will expire in 8 years on December 31, 2024 unless reauthorized by voters of the metropolitan region or Metro Council. Metro Council may take all necessary actions to effectuate the Measure. Penalties for non-payment. Other provisions.

(174 words)

RECEIVED  
16 FEB 12 PM 12:56  
TIM SCOTT  
DIRECTOR OF ELECTIONS

## **BALLOT TITLE AND EXPLANATORY STATEMENT FOR PROPOSED METRO INITIATIVE**

*Submitted February 12, 2016 by Alison R. Kean, Metro General Counsel*

### **Explanatory Statement**

This measure is an ordinance proposed by citizen initiative that adds “funding for Portland State University” to Metro’s current regional functions.

Starting January 1, 2017, the measure imposes a region-wide payroll tax on employers of individuals who perform services in or partly within the metropolitan region, and assigns responsibility to administer the tax to Metro. Employers subject to the tax include private corporations, the State of Oregon and its political subdivisions, but not school districts or entities exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. Taxable wages do not include remuneration paid by the United States or by Section 501(c)(3) entities, or remuneration for domestic service of less than \$1,000 a year, for seasonal agricultural work, or for other work of the type excluded from the tax, as described in the measure.

Employers would pay the tax at the rate of one-tenth of one percent of wages paid to employees working within or partly within the metropolitan region, which means that for every \$50,000 in wages paid, \$50 will be collected by this tax. Petitioners estimate that the tax will generate \$35 - \$40 million per year for PSU.

The measure allows PSU to use the tax revenue only for:

- Need-based scholarships for PSU students from the metropolitan region;
- PSU counselors, advisors, tutors, teachers and professors;
- Emergency tuition assistance for PSU students;
- Costs incurred by Metro and the Department of Revenue to collect and distribute the tax;
- Bi-annual audits by the Metro Auditor.

Bi-annual reports by PSU are required regarding how the tax revenue has been spent and its affect on graduation rates. If the State of Oregon reduces funding for PSU due to the tax, the tax is suspended.

Metro is required to collect the tax in coordination with the Oregon Department of Revenue and provide the funds to PSU. The measure states

**BALLOT TITLE AND EXPLANATORY STATEMENT FOR PROPOSED METRO INITIATIVE**

*Submitted February 12, 2016 by Alison R. Kean, Metro General Counsel*

that the tax is intended to be administered in the same manner as the existing TriMet payroll tax. Taxes shall be paid quarterly. Returns are subject to audit, assessment of deficiencies, penalties and interest at any time within three years after filing, with exceptions. Penalties are assessed for failure to file a return or to pay tax when due, and taxes become debt of the person liable for payment. Employers are required to maintain wage and tax records for state inspection. The Department of Revenue has authority to require a supplementary return, issue warrants and refunds, and waive, reduce, cancel or compromise the tax, penalties, or interest.

Tax will expire December 31, 2024 unless reauthorized by voters of the metropolitan region or Metro Council. Metro Council has authority to effectuate the measure's provisions by all necessary actions.

(449 words)