

House Bill 2119

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Department of Revenue to disseminate information on withholding of personal income tax by employer on behalf of employees, in lieu of preparation of withholding table. Allows department to determine amount, form and manner of withholding of tax.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1 Relating to tax administration; amending ORS 316.167 and 316.172; and prescribing an effective date.

2 **Be It Enacted by the People of the State of Oregon:**

3 **SECTION 1.** ORS 316.172 is amended to read:

4 316.172. (1) The Department of Revenue shall [*prepare a table for use with the percentage method*
5 *that provides for the deduction and withholding of a tax equal to a specific percent (to be determined*
6 *by the department) of the amount by which the wages for a given payroll period (daily, weekly, bi-*
7 *weekly, semimonthly, monthly, quarterly, semiannually or annually, as the case may be) exceed the*
8 *number of withholding exemptions claimed, multiplied by the amount of one such exemption for each*
9 *payroll period (such amount being determined by the department for each such period). The determi-*
10 *nations of the department shall result, so far as is practicable, in withholding from the employee a sum*
11 *substantially equivalent to the amount of the tax that the employee will be required to pay under this*
12 *chapter upon such wages.] **specify and disseminate information providing for the deduction and***
13 **withholding of tax in an amount substantially equivalent to the amount of the tax that each**
14 **employee will be required to pay under this chapter upon wages or other income. The amount**
15 **shall be determined based upon wages for a given daily, weekly, biweekly, semimonthly,**
16 **monthly or other payroll period.** To accomplish this purpose, the department may make special
17 provision for employees who are in the state for limited periods of time.

18 [(2) *The department shall prepare tables for use in computing withholding of tax by wage brackets.*
19 *The wage brackets shall be graduated so that the amount withheld is, as far as practicable, substan-*
20 *tially equivalent to the amount of the tax that the employee will be required to pay under this chapter*
21 *upon such wages.]*

22 **(2) The department shall determine the amount, form and manner of withholding of tax**
23 **by employers on behalf of employees for purposes of ORS 316.162 to 316.221.**

24 **SECTION 2.** ORS 316.167 is amended to read:

25 316.167. (1) Every employer at the time of the payment of wages to any employee shall deduct
26 and retain from [*such*] **the** wages an amount [*determined, at the employer's election, either (a) by a*
27 *"percentage method" withholding table or (b) by "wage bracket" withholding tables, prepared and fur-*
28 *nished under*] **as provided in ORS 316.172 and** the rules [*and regulations*] of the Department of
29 Revenue. However, in the case of wages paid to an employee whose services to the employer consist
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NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 solely of labor in connection with the planting, cultivating or harvesting of seasonal agricultural
2 crops, the employer may elect to withhold two percent of the total wages paid without regard to
3 any withholding exemptions.

4 (2) Except in the case of an agricultural employee, the amount withheld shall be computed on
5 the basis of the total amount of the wages and the number of withholding exemptions claimed by the
6 employee, without deduction for any amount withheld.

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

15 (4) With the approval of the Oregon Department of Administrative Services, the department may
16 enter into contracts with banking institutions including but not limited to Federal Reserve Banks,
17 incorporated banks, trust companies, domestic building and loan associations, savings and loan as-
18 sociations or credit unions authorizing them to receive as financial agents of the department any
19 tax required to be withheld and paid to the department.

20 **SECTION 3. This 2019 Act takes effect on the 91st day after the date on which the 2019**
21 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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