



January 30, 2025

House Committee on Revenue
Oregon State Capitol
900 Court Se. NE
Salem, OR 97301

RE: Local Income Tax Compliance with State Definitions

Dear Chair Nathanson and Members of the House Revenue Committee,

HB 2110 requires local government that imposes an income tax to conform to state statutory provisions governing determination of net income, including the apportionment and sourcing of income. Cities face large budget holes for general services because of Measure 5 and Measure 50, income taxes are one of a limited number of alternative revenue sources that cities can use. Right now, only the City of Portland charges an income tax, but other cities have explored it as a revenue source. LOC opposes HB 2110 because:

1. It preempts cities and other local governments from tailoring income tax to their needs. Cities and their voters across all Oregon communities should have the ability to determine their own needs consistent with local values. All local incomes taxes are the result of ballot initiatives. HB 2110 may undue key policy choices that voters wanted to see in the tax definitions.
2. The state does not currently collect or administer local income taxes. It may be reasonable for the state to impose requirements on local income tax definitions if the Department of Revenue collect those taxes. If they are collecting their own taxes and not utilizing the state. Cities should have the ability to disconnect from the state like the state disconnects from the federal government, if they are collecting their own taxes and not utilizing resources from the state.

We understand the concern about taxpayer confusion, but most taxpayers are the voters who passed these taxes. We urge you to oppose HB 2110.

Respectfully,

Jenna Jones
Lobbyist
League of Oregon Cities
jjones@orcities.org