

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF SUPPORTING THE ) RESOLUTION NO. 84-456  
REPEAL OF THE PERSONAL INCOME TAX )  
LAW RESULTING FROM THE PASSAGE OF ) Introduced by  
HOUSE BILL 2201 ) Councilor Waker

WHEREAS, The Oregon Legislative Assembly, 1983 Regular Session, passed HB 2201 relating to personal income taxes; creating new provisions; and amending certain sections of ORS Chapter 316; and

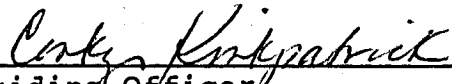
WHEREAS, This legislation changes how the Oregon marginal tax rate is determined for out-of-state residents; prior to HB 2201, the tax rate was based upon the amount of Oregon-derived income only; now, the tax rate is based upon total income which places out-of-state residents in a higher tax bracket; and

WHEREAS, There are several thousand residents of Clark County, Washington working in the Portland metropolitan area; there is a strong belief that the "goodwill" between the two states is very important; and the dispute over HB 2201, which has little impact on Oregon's fiscal outlook, does not justify the damage being done to the friendship between the two states; now, therefore,

BE IT RESOLVED,

1. That Metro supports the repeal of the personal income tax law resulting from the passage of HB 2201.
2. That copies of this resolution be given to appropriate state officials and legislators in both Oregon and Washington.

ADOPTED by the Council of the Metropolitan Service District  
this 22nd day of March, 1984.

  
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Presiding Officer

STAFF REPORT

Agenda Item No. 6.9

Meeting Date March 22, 1984

CONSIDERATION OF RESOLUTION NO. 84-456 FOR THE  
PURPOSE OF SUPPORTING THE REPEAL OF THE PERSONAL  
INCOME TAX LAW THAT RESULTED FROM THE PASSAGE OF  
HB 2201

Date: February 23, 1984

Presented by: Ray Barker

FACTUAL BACKGROUND AND ANALYSIS

The Bi-State Policy Advisory Committee met on February 16, 1984, to discuss Washington/Oregon tax policies. Presentations were made by Carl Johnson, representing the Committee on Oregon Tax Inequalities, and Washington State Representative Joe Tanner. Oregon State Representative Tom Mason from Multnomah County presented the Oregon perspective. It is difficult, at best, to reach any consensus concerning the appropriateness of taxing Clark County residents on income derived from Oregon, particularly due to the problem of comparing the level of services received in return. As an example, the state of Oregon uses approximately 14 percent of its income tax receipts to reduce the property tax burden of its residents. However, Clark County residents who pay Oregon income taxes receive no such offset.

This has been even more of an issue recently due to the passage of HB 2201 by the Oregon Legislature. This legislation changes how the Oregon marginal tax rate is determined for out-of-state residents. Prior to HB 2201, the tax rate was based upon the amount of Oregon-derived income only. Now, the tax rate is based upon total income which places Clark County residents in a higher tax bracket. It is estimated that this legislation will result in Washington paying an additional \$7 million to the state of Oregon.

Although there was no agreement on the tax/services issues raised there was a strong belief that the "goodwill" between the two states was very important, and that the dispute over HB 2201, which has little impact on Oregon's fiscal outlook, did not justify the damage being done to the friendship between the two states. The Bi-State Advisory Committee formally approved the following Resolution:

"That the Bi-State Advisory Policy Committee advises the various councils, Multnomah County, City of Portland, City of Vancouver, and Clark County, that they are in support of repeal of the tax law as it is currently structured in HB 2201."

Attached is a proposed Resolution that indicates Metro's support for the repeal of the new personal income tax law that resulted from the passage of HB 2201.

ACTION REQUESTED

Adoption of Resolution No. 84-456.

EXECUTIVE OFFICER'S RECOMMENDATION

Adoption of Resolution No. 84-456.

COMMITTEE CONSIDERATION AND RECOMMENDATION

On March 12, 1984, the Council Coordinating Committee recommended Council adoption of Resolution No. 84-456 with an amendment to Resolve No. 2 to add "That copies of this resolution be given to appropriate state officials and legislators in both Oregon and Washington.

RB/ef  
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