

ORDINANCE NO. 38

AN ORDINANCE OF THE LANE TRANSIT DISTRICT ADOPTING A  
SELF-EMPLOYMENT TAX.

THE BOARD OF DIRECTORS OF LANE TRANSIT DISTRICT OF OREGON,  
pursuant to ORS 262.380 and 267.385, does hereby ordain and  
decree the following ordinance.

Section 1 - Adoption of Self-Employment Tax

**1.05 Definitions.** As used in this Chapter, unless the  
context requires otherwise:

- A. "Department" means the Department of Revenue,  
State of Oregon.
- B. "District" means the Lane Transit District of  
Oregon, encompassing all of the territory  
described in Lane Transit District Ordinance No.  
24.
- C. "Net Earnings from Self-Employment" has the same  
meaning as the term "net earnings from self-  
employment" in Section 1402 of the Internal  
Revenue Code of 1986 (the "IRC"), as that section  
was in effect and operative on December 31, 1988.  
In applying IRC Section 1402 for the purposes of  
this Chapter, the words "gross income,"  
"deduction" and "distributive share," and any  
other words used in IRC Section 1402 to define  
"net earnings from self-employment," shall have  
the same meaning that those words had for purposes  
of IRC Section 1402 under federal income tax laws  
in effect and operative on December 31, 1993. The  
purpose of these definitions is to incorporate any  
relevant changes in the Internal Revenue Code of  
1986, made and in effect on or before December 31,  
1993, except for changes in IRC Section 1402 made  
after December 31, 1988. For the purposes of this  
Section, the term "net earnings from self-  
employment" is not limited in any way by IRC  
Section 1402(b).

Notwithstanding the foregoing, "net earnings from  
self-employment" does not include income which  
would be wages under Section 3121 of the Internal  
Revenue Code, as amended and in effect on  
December 31, 1990, but for the provisions of  
Section 3121(b)(8)(A) of the Internal Revenue  
Code.

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- D. "Taxable Year" means the period corresponding to the Taxpayer's taxable year for federal income tax purposes.
- E. "Taxpayer" means a natural person subject to tax under this ordinance.

**1.10 Imposition of Tax.**

- A. Tax imposed. A tax is imposed annually on every natural person in an amount equal to the rate of .006 of such person's Net Earnings from Self-Employment during the Taxable Year in excess of \$400 from activities within the District.
- B. Apportionment. Any Taxpayer having Net Earnings from Self-Employment from an activity both within and without the District shall allocate and apportion such Net Earnings in a manner consistent with that required for allocation and apportionment of income under ORS 314.280 and 314.605 to 314.675 and the Department's regulations adopted pursuant thereto. Regarding such allocation and apportionment, the Taxpayer shall follow the instructions and forms published by the Department.

Any Taxpayer may elect to apportion Net Earnings from Self-Employment, to the extent that apportionment rather than allocation is appropriate, based upon a single factor. In the case of an activity conducted by a partnership, the partnership may elect to have each of its partners use a single factor for the apportionment of its earnings. The single factor for apportionment shall be a sales factor, computed in a manner consistent with ORS 314.665 and the Department's Regulations adopted pursuant thereto. Regarding such apportionment, the Taxpayer (or the partnership of which the Taxpayer is a member) shall follow the forms and instructions published by the Department. The election by a Taxpayer (or by a partnership of which the Taxpayer is a member) to use single-factor apportionment shall be made on a form furnished by the Department. An election shall be binding for both the current and all future years, unless revoked with the written consent of the Department.

- C. Effective Date. This Section shall apply to individuals' taxable years starting on or after December 1, 1994.

**1.15 Department the Tax Agent of District.** The tax imposed by this Ordinance shall be paid to the Department, as agent for the District. The Department is hereby designated the agent of the District for purposes of administering the tax imposed by this Section. The Department may exercise all supervisory and administrative powers with regard to the enforcement, collection and administration of this tax as the Department is authorized to exercise pursuant to ORS 305.620 (as amended from time to time), including but not limited to entering closing agreements and waiving interest and penalties.

**1.20 Tax and Return Due Dates.**

- A. General. Every Taxpayer annually, on or before the 15th day of the fourth month after the end of the Taxpayer's Taxable Year, shall pay over to the Department the amount imposed by this Ordinance. Every Taxpayer shall, with each payment made to the Department, deliver to the Department on a return prescribed by the Department a statement of the total amount of Net Earnings from Self-Employment during the Taxable Year and such other information as the Department requires.
- B. Optional Rule for Partnerships.
- (1) A partnership is not a Taxpayer under this Chapter. However, a partnership may choose to pay the taxes due under this Chapter from its partners with respect to the partnership's earnings. If a partnership so chooses, the partnership shall pay the taxes due and shall file a return and all information prescribed by the Department. In such a case, individual partners need not file any returns under this Chapter, unless they have Net Earnings from Self-Employment from sources other than such partnership. Any partner who files a personal return shall not be entitled to exclude from tax \$400 of Net Earnings from Self-Employment (as otherwise specified in Section 1.10A) to the extent that such amount is excluded by a partnership. Any partner who is a member of more than one partnership shall ensure that no more than \$400 of Net Earnings from Self-Employment in the aggregate for any Taxable Year is excluded on account of such partner.
- (2) If a partnership chooses to pay the taxes due from its partners, the partnership must file a return and pay the taxes due on or before

the 15th day of the fourth month following the end of the calendar year. The partnership's return and payment shall be based upon the Net Earnings from Self-Employment of the individual partners from the partnership for their Taxable Years ending with or within the calendar year immediately after which the return is due.

Example 1: If a partnership has a taxable year ending December 31, 1993, and its partners use calendar Taxable Years, the partnership must pay on or before April 16, 1994, the amount due from the partners with respect to their Net Earnings from Self-Employment from the partnership for its taxable year ending December 31, 1993.

Example 2: Assume the same facts as in Example 1, except that one partner uses a Taxable Year ending on September 30, 1993. The partnership must pay on or before April 16, 1994 (a) the amount due from the calendar-year partners with respect to their Net Earnings from Self-Employment from the partnership for its taxable year ending December 31, 1993, and (b) the amount due from the fiscal-year partner with respect to his or her Net Earnings from Self-Employment from the partnership for its taxable year ending December 31, 1992.

Example 3: If a partnership has a taxable year ending August 31, 1993, and its partners use calendar Taxable Years, the partnership must pay on or before April 16, 1994 the amount due from the partners with respect to their Net Earnings from Self-Employment from the partnership for its taxable year ending August 31, 1993.

Example 4: Assume the same facts as in Example 3, except that one partner uses a Taxable Year ending on June 30, 1993. The partnership must pay on or before April 16, 1994 (a) the amount due from the calendar-year partners with respect to their Net Earnings from Self-Employment from the partnership for its taxable year ending August 31, 1993, and (b) the amount due from the fiscal-year partner with respect to his or her Net Earnings from Self-Employment from

the partnership for its taxable year ending August 31, 1992.

- (3) In no event shall the filing of a return by a partnership under this Section 1.20B reduce the tax due from a Taxpayer under this Section.

**1.25 Procedural Matters.** The provisions of ORS chapters 305 and 314 (as amended from time to time), as to the audit and examination of reports and returns, determination of deficiencies, interest, penalties, assessments, claims for refund, conferences, appeals to the Director of the Department and appeals to the Oregon Tax Court, and the procedures relating thereto, shall apply to the determination of taxes, penalties and interest under this Section, except where the context requires otherwise. A Taxpayer may utilize the procedure respecting appeals to the small claims division of the Oregon Tax Court as provided in ORS 305.515 to 305.555.

**Section 2 - Effective Date.**

This ordinance shall apply to individuals' taxable years starting on or after December 1, 1994.

Adopted: 9-21, 1994

  
Presiding Officer

Attest:

  
Recording Secretary

## CERTIFICATION

The undersigned duly qualified and acting Executive Secretary of the Lane Transit District certifies that the foregoing is a true and correct copy of an ordinance approved at a legally-convened meeting of the Board of Directors held on September 21, 1994.



\_\_\_\_\_  
Signature of Recording Officer

\_\_\_\_\_  
Executive Secretary

\_\_\_\_\_  
Title of Recording Officer

\_\_\_\_\_  
September 22, 1994

\_\_\_\_\_  
Date