

SRC 39.001 - Title and Purpose. This chapter shall be known and may be cited as the “Employee Payroll Tax Code of the City of Salem.” The purpose of this chapter is to establish a tax on wages received to generate revenue to pay for City community safety services, and for the administration of the tax.

SRC 39.005 – Definitions.

Employee an individual who renders personal services for compensation to an employer if the employer either pays or agrees to pay for personal services or permits the individual to perform personal services.

Employer includes any of the following:

- A person who in a relationship with another person that the person may control the work of that other person and direct the manner in which it is to be done;
- An officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee or member is under a duty to perform acts required of employers by ORS 316.167, 316.182, 316.197, 316.202 and 316.207; or
- The State of Oregon or any political subdivision of the state.

Minimum Wage the minimum wage rate established by ORS 653.025(1).

Net earning from self-employment has the same meaning as in section 1402 of the Internal Revenue Code of 1986, as that section was in effect and operative on December 31, 1988.

Community Safety Services, as used in this Chapter, means police, fire, emergency medical services, 911 call service, code enforcement, and unsheltered services.

Self-Employed Individual means a person that earns income as defined in section 1402(b) of the Internal Revenue Code as amended and in effect on [the effective date of this ordinance], or an independent contractor as defined in ORS 670.600.

Tax Administrator means the Director, and any person or entity with whom the Director employs or contracts with to administer, enforce, or collect the tax established by this Chapter.

Wages as defined by ORS 316.162(2)

SRC 39.010 – Administration; rulemaking. The Director or Tax Administrator shall administer, implement and enforce the provisions of this Chapter, have the authority to render written and oral interpretations, conduct audits, and to adopt administrative rules and procedures governing the administration, enforcement, and collection of the tax.

SRC 39.015 – Tax established. A tax is hereby imposed on every employee and self-employed individual who perform work within the Salem city limits as set forth in this section:

- (a) A tax at a rate of 0.00814 (0.814 percent) of the employee’s wages and self-employed individual’s net earnings from self-employment for work performed within the Salem city limits.

(b) Exemptions. Notwithstanding subsection (a) this section:

- (1) No tax is owed by an employee for wages earned at or below the minimum wage,
- (2) No tax is owed for net earnings for self-employment if the annual net earnings are at or below the equivalent of annual wage at minimum.

(c) Every employer at the time of payment of wages shall deduct and withhold from the amount of wages paid to an employee, an amount equal to the total amount of wages, multiplied by the rate of tax imposed under subsection (a) unless the employee is exempt for all or a portion of the wages under subsection (b) of this section.

SRC 39.020 – Payment and Remittance. All employers shall remit the tax imposed under this Chapter to the Tax Administrator quarterly, or as directed by rules adopted under this Chapter. In the event of any failure by an employer to deduct, withhold, or remit the tax imposed, or in the case of self-employed individuals, each employee and self-employed individual is responsible to remit the tax imposed in accordance with the requirements of this Chapter.

SRC 39.025 – Interest and Penalties. The Director or Tax Administrator shall adopt administrative rules pursuant to section 39.010 of this Chapter to specify the amount of penalties and interest that a person must pay if the person fails to timely pay or remit any tax imposed by this Chapter. The amount of penalties and interest established by administrative rule shall be consistent with comparable provisions of state law.

SRC 39.030 – Use of Payroll Tax Revenue. Revenue collected by the City from the payroll tax shall only be used for community safety purposes and for administration of the tax.

SRC 39.035 – Appeals. Any person adversely affected by any decision, action, determination, or order, made by the Tax Administrator interpreting or implementing the provisions of this chapter may appeal in the manner provided by SRC 20J.240 – 20J, as may be supplemented by administrative rules issued pursuant to this chapter.

SRC 39.040 – Violations. Violation of any provision of this chapter, in addition to any rule or civil penalty created and imposed by administrative rule, shall be an infraction.

SRC 39.045 – 39.985 are reserved.

SRC 39.990 – Expiration. The tax set forth in SRC 39.015 shall be referred to Salem voters no later than July 1, 2031, and the imposition of the tax shall expire on December 31, 2031 unless it is continued pursuant to voter approval.