

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO)	ORDINANCE NO. 26-1540
CODE CHAPTER 7.05 (INCOME TAX)	
ADMINISTRATION) REGARDING THE)	Introduced by Chief Operating Officer
PERSONAL INCOME INTEREST RATE)	Marissa Madrigal in concurrence with
ADJUSTMENT PROCESS, MAKING)	Council President Lynn Peterson
CONFORMING AMENDMENTS TO METRO)	
CODE CHAPTER 7.06 (PERSONAL INCOME)	
TAX), AND DECLARING AN EMERGENCY)	

WHEREAS, Metro Code Chapter 7.05 (Income Tax Administration for Personal Income and Business Taxes) administers Metro's Supportive Housing Services (SHS) business and personal income taxes; and

WHEREAS, when the Supportive Housing Services income taxes took effect, Metro Code originally established a ten percent per annum interest rate for tax deficiencies and refunds. However, the Metro Code authorized a discretionary change of the interest rate by administrative rule if Metro's interest rate differed by more than one percentage point from the Oregon Department of Revenue's interest rate in effect on January 1; and

WHEREAS, with respect to the SHS Personal Income Tax Law, Metro has adjusted the original ten percent per annum rate to lower interest rates during the last few years to match the Oregon Department of Revenue interest rates (which in turn are guided by federal interest rates); and

WHEREAS, changing the Metro SHS Personal Income Tax interest rate to match the Oregon Department of Revenue interest rate requires a revised and updated administrative rule each year; and

WHEREAS, this process requires coordination with Metro's tax administrator, imposes uncertainty on taxpayers and tax preparers until the rate is officially adjusted, and requires staff time from two jurisdictions to draft, administer, and implement; and

WHEREAS, amending the Metro Income Tax Code to codify the previous interest rate adjustments and automatically adjust Metro's future SHS Personal Income Tax interest rates to match the Oregon Department of Revenue's interest rate (as it exists on January 1 of any given year) would provide greater certainty to taxpayers, streamline the interest rate adjustment process, and essentially automate the more cumbersome two-step process currently in place; and

WHEREAS, to provide taxpayer relief, in June 2025 the Metro Council amended the Metro Income Tax Code to index the personal income tax thresholds to inflation, and Council also increased the required payment threshold of estimated taxes from \$1000 to \$5000 (Ordinance No. 25-1531); and

WHEREAS, the 2025 inflation and estimated tax code amendments require technical conforming Code updates to further clarify the amounts and tax years to which those changes apply and to update certain code section cross-references; and

WHEREAS, the Metro Council has previously acknowledged that externally facing regulatory Metro Code chapters—primarily the solid waste and income tax code chapters—require more frequent code updates to ensure ongoing regulatory clarity, align with state and federal law changes, and maintain best practices (Resolution No. 22-5293); and

WHEREAS, pursuant to Resolution No. 22-5293, the Office of Metro Attorney reviewed Metro Code Sections 7.05.280, 7.05.300, and 7.06.070 to consider whether any plain language best practices changes were necessary and determined that no additional changes were needed; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. Metro Code Section 7.05.280 (Interest) is amended as set forth in the attached as Exhibit A, with inserted language in underlined text and deleted language in strikethrough text.
2. Metro Code Section 7.05.300 (Interest on Refunds) is amended as set forth in the attached as Exhibit B, with inserted language in underlined text and deleted language in strikethrough text.
3. Metro Administrative Rule No. AR-7.05-1005 (Personal Income Tax Interest Rates on Tax Due and Refunds) is repealed. The interest rates and refund rates established by that administrative rule are codified in the new Metro Code Subsection 7.05.280(c) and Metro Code Section 7.05.300 as set forth in the attached Exhibits A and B.
4. Metro Code Section 7.06.070 (Individuals Required to File a Tax Return) is amended as set forth in the attached Exhibit C, with inserted language in underlined text and deleted language in strikethrough text.
5. The Chief Operating Officer may, if necessary, adopt new administrative rules or amend existing income tax administrative rules without a public comment process to ensure conformity with the Metro Code amendments adopted by this ordinance.
6. That this ordinance being necessary for the immediate preservation of public health, safety or welfare, an emergency is declared to exist, and this ordinance takes effect immediately upon adoption pursuant to Metro Charter Section 38(1). The Council finds that an immediate ordinance effective date is necessary to prevent taxpayer confusion and filing errors (thus saving taxpayer money to administer the program), maintain alignment with the Oregon Department of Revenue, avoid administrative disruption and duplicative rulemaking, and ensure consistent tax code enforcement.
7. If a court of competent jurisdiction finds that any portion of this ordinance is invalid or unenforceable as a matter of law, that finding does not invalidate or render unenforceable any other provisions of this ordinance.

ADOPTED by the Metro Council this 5th day of February 2026.

Lynn Peterson, Council President

Attest:

Georgia Langer, Recording Secretary

Approved as to Form:

Carrie MacLaren, Metro Attorney