

Community Safety Payroll Tax

The Eugene City Council passed the Community Safety Payroll Tax Ordinance (No. 20616) in June 2019 to provide long-term funding for community safety services. The Community Safety Payroll Tax is expected to generate \$23.6 million annually to provide faster, more efficient safety responses, deter crime, connect people to services, engage and help at-risk youth, support more investigations and court services, and add jail beds to reduce capacity-based releases and hold those who commit crimes accountable.

How did the city council decide on a payroll tax?

A Community Safety Revenue Team was formed to develop a funding recommendation for the city manager. The Revenue Team included three city councilors, current and former Budget Committee members, and the chair of the Police Commission.

This team reviewed a wide range of funding options that could provide on-going support for community prevention, response, and resolution services. The team also reviewed the potential economic, environmental, and social equity impacts. They recommended a payroll tax to the city manager.



What is a payroll tax?

A payroll tax is paid by employees, self-employed persons, and employers, and is calculated as a percentage of wages or self-employment earnings.

When does the payroll tax become effective?

The Community Safety Payroll Tax will become effective **January 1, 2021**.

Who must file and pay?

All employers who are paying wages to employees and self-employed persons with a physical address in the Eugene city limits must register and file with the City of Eugene.

- The *employer payroll tax* is applied to total gross wages paid by an employer with a physical address in the Eugene city limits.
- The *employee payroll tax* is applied to total taxable wages paid to an employee working at a business located in the Eugene city limits.
- The *self-employment tax* is applied to the net earnings of self-employed persons with a physical address in the Eugene city limits.

An employer is responsible for paying the *employer payroll tax* as well as withholding and remitting the *employee payroll tax* on behalf of all employees with subject wages. Self-employed persons are responsible for paying the *self-employment tax*.

How can I find out if my business address is in the Eugene city limits?

To see if an address is in the city limits, go to www.eugene-or.gov/PayrollTax. The Eugene city limits is not the same as the urban growth boundary nor is it determined by certain ZIP codes.

When do I file and pay?

The employer payroll tax and the employee payroll tax are paid on a quarterly basis. Quarterly returns and payments of tax are due on or before the last day of the month following the end of the quarter:

QUARTER (starting 2021)	DUE DATE
1st quarter (Jan–Mar)	Apr 30
2nd quarter (Apr–Jun)	July 31
3rd quarter (Jul–Sept)	Oct. 31
4th quarter (Oct–Dec)	Jan. 31

The self-employment tax is paid on an annual basis and is due the same day as federal and Oregon individual income tax returns; April 15 for calendar year filers. For taxpayers filing a fiscal year return, the return is due on the 15th day of the fourth month after the end of the fiscal year.

When the due date falls on a Saturday, Sunday, or legal holiday, the due date will be the next business day.

What is the tax rate for each tax?

The *employer payroll tax* is calculated at a tax rate of **0.0021** (or .21 percent) of total wages paid by an employer. For employers with two or less employees, the tax rate is **0.0015** (or .15 percent) for the first \$100,000 of wages paid.

The *self-employment tax* is calculated at a tax rate of **0.0021** (or .21 percent) of net earnings from self-employment. For self-employed persons with two or less employees, the tax rate is **0.0015** (or .15 percent) for the first \$100,000 of net earnings from self-employment.

The tax rate for the *employee payroll tax* is based on the hourly rate of the employee:

For employees who earn more than \$15 per hour, the tax is calculated at a rate of **0.0044** (or .44 percent) of total taxable wages.

For employees who earn between \$12.01 and \$15.00 per hour, the tax is calculated at a rate of **0.0030** (or .30 percent) of total taxable wages.

Employees who earn \$12 per hour (or the minimum wage rate as of July 1, 2020) are exempt from the *employee payroll tax*.

Are there any exempt employee wages?

Wages earned at minimum wage (or \$12 per hour as of July 1, 2020) are exempt from the *employee payroll tax*. This is true even if the employee receives overtime pay in addition to minimum wages.

How do I register, file returns, and pay the tax?

An employer or self-employed person with a physical address in Eugene and subject to the Community Safety Payroll Tax will need to register with the City. The City is currently working with MUNIRevs, an online tax administration service, that will provide online tools for registering, filing tax forms, and submitting payments. The City will post more information on its website when the MUNIRevs service becomes available around June 2020.



Visit eugene-or.gov/PayrollTax

- Sign up for an interested parties list for payroll tax updates
- Use an online tax estimator for employer or employee payroll tax
- See Frequently Asked Questions about the payroll tax

Or contact us: Email: CSpayrolltaxhelp@eugene-or.gov
Phone: 541-682-5053

If you use a payroll service or tax preparer, please be sure they are aware of the Community Safety Payroll Tax.