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Mass Transit District Payroll/Excise Tax

These programs are administered by the Oregon Department of Revenue for the Tri-County Metropolitan Transportation District (TriMet) and the Lane County Mass Transit District (LTD). They provide revenue for mass transit.

The TriMet district includes parts of three counties in the Portland area. LTD serves the Eugene-Springfield area. For your convenience, we have a [complete list of zip codes](#) that comprise the TriMet and LTD service areas.

The department publishes "[Transit Payroll Taxes for Employers](#)," a guide to TriMet and Lane Transit payroll taxes.

Who must file and pay?

The transit tax is imposed directly on the employer. It is imposed only for the amount of gross payroll paid for services performed within the TriMet or LTD district. The current tax rates are printed on Form OQ. If you have an existing account and become subject to transit tax after your forms have been issued, contact the Oregon Department of Revenue for the current tax rates.

What wages are subject to transit district taxes?

All salaries, commissions, bonuses, fees, or other items of value paid to a person for services performed within the transit district are subject to transit district taxes. Transit district wages also include:

- Contributions to a Simplified Employee Pension (SEP) made at the election of the employee.
- Payments for the purchase of IRC section 403(b) annuities under salary reduction agreements.
- Contributions to 401(k) retirement plans made at the election of the employee, including employer matched contributions.
- Pick-up payments to governmental retirement plans under salary reduction agreements.
- Amounts deferred under governmental deferred compensation plans.
- Any amount deferred under a nonqualified deferred compensation plan.
- Payment to an IRC 408 individual retirement agreement under salary reduction agreement.

What wages are exempt from transit taxes?

The following are exempt from TriMet and LTD excise taxes:

- Federal government units.
- Federal credit unions.
- Public school districts.
- Internal Revenue Code Section 501(c)(3)--nonprofit and tax exempt institutions, except hospitals.
- Foreign insurers.
- Insurance adjusters, agents, and agencies, as well as their office support staff, are exempt from transit tax to the extent that the business income is derived from insurance-related activity. Non-insurance income is taxable (ORS 731.840).
- Domestic service in a private home.
- Casual labor.
- Services performed outside the district.
- Seamen who are exempt from garnishment.
- Employee trusts that are exempt from taxation.
- Tips paid by the customer to the employee.
- Wages paid to employees whose labor is connected **solely** to planting, cultivating, or harvesting seasonal agricultural crops.

The following are exempt from LTD, but subject to TriMet:

1. Public education districts.
2. Public special service and utility districts.
3. Port authorities.
4. Fire districts.
5. City, county, and other local government units.

How do I report and pay these taxes?

Report transit tax quarterly using Form OQ and pay using either a payment coupon (Form OTC) or by using the department's [electronic funds transfer \(EFT\) program](#).

How do I close the transit account?

If you change ownership or if you discontinue business or otherwise permanently cease to have payroll for services performed in the TriMet or LTD district, notify the Oregon Department of Revenue. Use the Change in Status Report.

Review common [transit district payroll tax questions](#).

What numbers do I call with the following types of questions?

- **TECHNICAL QUESTIONS**--TriMet and Lane Transit PAYROLL (Excise) Tax, call: Oregon Department of Revenue, Business Division, Salem, Oregon
[Contact Us](#)
- **DISTRICT BOUNDARY QUESTIONS**--Call: Tri-County Metropolitan Transportation District Office, Portland, Oregon
503-962-6466
- **Lane Mass Transit District Office**, Eugene, Oregon
541-682-6100

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