



MULTISTATE INCOME/FRANCHISE TAX

Additional Oregon localities adopt market-based sourcing Tax Alert

Overview

On October 13, 2022, and October 27, 2022, [Multnomah County](#) and the [Metropolitan Service District](#) (“Metro”), respectively, joined the City of Portland in adopting market sourcing ordinances for sourcing sales of items other than tangible personal property.

This Tax Alert highlights the applicable provisions of the newly adopted ordinances.

Additional Oregon localities adopt market-based sourcing ordinances

Following Portland, both Multnomah County and Metro recently adopted market-based sourcing ordinances for sales of items other than tangible personal property. The ordinances generally adopt the apportionment and allocation provisions found in the Oregon Revised Statutes, Chapters 314, 317, and 318, as well as the related Oregon Administrative Rules, except where otherwise provided. Additionally, the industry-specific or income-specific apportionment methodologies required under the Oregon Revised Statutes and Administrative Rules apply to the extent the localities have not otherwise adopted a rule.

The new market-based sourcing ordinances for all three localities – Portland, Multnomah County, and Metro – are effective for taxable years beginning on or after January 1, 2023.

For more information on the Portland’s adoption of market sourcing, please see our previous [Tax Alert](#).

Considerations

Currently, Portland, Multnomah County, and Metro generally apply a ratio-of-time-spent cost of performance methodology to source sales of items other than tangible personal property. Taxpayers who previously

sourced their receipts from services and intangibles outside of Portland, Multnomah County, and Metro under the cost of performance rules may need to consider whether they have a market in these localities under the new market-based sourcing rules.

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