

3123

6/18/85

#8759

8

Extension Circular 1223 / May 1985

\$1.00

Oregon State University Extension Service

# Government Requirements

For New and Existing Businesses in Oregon



## Contents

Starting a new business .....	2
Single proprietorship .....	2
Partnership .....	2
Corporation .....	3
Assumed name .....	4
Publications .....	4
Small Business Administration .....	4
Federal Government requirements .....	4
Employer Identification Number .....	4
Federal tax guides .....	4
State government requirements .....	5
State taxes .....	5
Unemployment Insurance Tax .....	6
Workers' compensation .....	7
Oregon Occupational Safety and Health Code .....	7
Onpremise signs .....	8
Licensed occupations .....	9
Environmental quality .....	9
Packaging .....	10
Weights and measures .....	10
Local government requirements .....	11
Portland .....	11
Eugene .....	12
Salem .....	12

**W**e compiled this publication to summarize the basic regulations that business people are expected to observe in Oregon. It covers basic decisions that you will need to consider in starting your business. It also covers the Federal and State requirements for your new or existing business. Local requirements for several Oregon cities are included. Publications that may be helpful to you are also identified.

Our purpose is to provide you with a basic reference source for general information about government rules, including filing and reporting requirements. It's no substitute, however, for your direct contact with Federal, State, and local agencies.

Rules for operating, filing requirements, and basic tax considerations change from time to time. We urge you to make regular contact directly with these government agencies to remain informed on all these changes.

In establishing your business, you may have a question that's frequently asked: "Why should I bother to comply with applicable government rules?" There are at least two reasons.

Complying with the rules in many cases helps to create a good business image in the minds of customers, employees, and other business people. In addition, it makes good business sense to avoid unnecessary conflict with government regulators.

## Starting a new business

**A**fter you have made the decision to start a business, one of the next decisions concerns the type of business form. In general, business organizations are classified as one of three types: a single proprietorship, a partnership, or a corporation.

### Single proprietorship

A single proprietorship exists if your business activity is conducted for profit. Any activity that you don't conduct for profit is considered a hobby.

With regard to liability, there is no distinction between the proprietor (you) and the business. Lawsuits are brought by and against the proprietor, and contracts are made in the name of the proprietor. In a single proprietorship, there is "unlimited liability" for all business debts.

This means all of the proprietor's property, business and personal, may be legally attachable to meet business debts. For tax purposes, the profits and/or losses are reported on your personal income tax forms and are taxed as ordinary income. The business is dissolved on the death of the proprietor.

### Partnership

A partnership is two or more persons who do business as co-owners for financial profit. You can expect attorney's fees to draw up the partnership agreement. There is also a \$25 State registration fee for a limited partnership, which you pay to:

Corporate Division  
Oregon Department of Commerce  
158 12th St.  
Salem 97310  
phone (503) 378-4166

You can contact them for the proper forms.

A partnership does not have to be formed under a partnership agreement. There can be just an "understanding" between the partners. However, we strongly recommend that you consider having a proper legal document prepared. If a disagreement among the partners develops, the written partnership agreement may help solve the problem.

Elements that should be included in a partnership agreement are:

- the name of the partnership;
- the names of the partners;
- the nature of the business to be conducted;
- the capital contribution of each partner;
- the method of dividing profits and losses;
- the "agency" powers of the partners;
- the procedure for admitting new partners;
- the procedure for partners to withdraw;
- the amount of salaries or interest paid to the partners;
- the procedure to be followed for dissolving the partnership; and
- the procedure for distributing assets when dissolving the partnership.

The partnership agreement does not have to be complicated or costly, and it can save future misunderstandings.

A partnership is not considered a legal entity. Thus, lawsuits are brought by and against the partnership in the names of the partners. Depending on the agreement, business contracts can usually be made by any partner, but personal contracts are not binding on the other partners.

As in a single proprietorship, all the partners of a general partnership have "unlimited liability" for all business debts. All of a partner's property, business and personal, can be legally attachable to meet business debts, including claims for personal or property damage.

In a limited partnership, there must be at least one general partner who is subject to all liabilities of the business and has all the rights of a partner under the law. Limited partners contribute money or property to the partnership, but they are not personally responsible for partnership obligations beyond the amount of their capital contribution.

Basically, the limited partner is a person who invests in the partnership but does not wish to incur any of the liabilities or management responsibilities that are imposed on a general partner.

There must be public notification of the withdrawal of a partner from either a general partnership or a limited partnership. This can be accomplished by contacting:

Corporate Division  
Oregon Department of Commerce  
158 12th St.  
Salem 97310  
phone (503) 378-4166

A general partner will then not be liable for debts incurred by the business after the departure. However, that partner will still be responsible for debts incurred while he or she was a partner.

The tax process for a partnership is not complicated. The partnership files an informational return, and then the profits and/or losses are divided among the partners. This division is made either according to the partnership agreement or equally to all partners if there is no agreement.

Each partner's share of profit or loss is reported on his or her individual personal income tax form; shared profit is considered ordinary income for the partners. The business is dissolved on the death of any partner.

## Corporation

A corporation is an association of individuals that exists as a legal entity with powers and liabilities independent of those of its members. There are usually legal and filing fees associated with setting up the corporation. A corporation is considered a legal entity.

Therefore, lawsuits are brought by and against the corporation by name, and business contracts are made in the name of the corporation.

A corporation has "limited liability" for all business debts. This means that shareholders are not personally liable for the corporation's debts. The business is not dissolved on the death of a shareholder.

A potential disadvantage to a corporation is "double taxation." Profits (if any) are computed for the corporation. The corporation's profits are then taxed. The corporate income tax is 7.5% in Oregon and 15% on the first \$25,000 for the Federal Government.

"After tax" dividends can then be distributed to the shareholders. These dividends are reported as ordinary income on the shareholder's personal income tax forms and taxed accordingly.

If a corporation does not distribute dividends, the earnings it accumulates beyond "reasonable business needs" can be subject to an accumulated earnings tax. This tax penalty is not a problem for most small businesses. Thus, after-tax earnings can usually be reinvested in the business without a tax penalty.

A Subchapter S corporation is a special type, and it has some interesting aspects. A corporation can qualify under Subchapter S only if it meets the following requirements:

- it must be a domestic corporation;
- it must not be a member of an affiliated group;
- it must have only one class of stock;
- it must not have more than 35 shareholders;
- it must only have individuals, estates, or certain trusts as shareholders; and
- it must not have a nonresident alien as a shareholder.

As an alternative tax strategy, Subchapter S corporations may choose not to be subject to the corporate income tax; then its profits are only taxed once as income to the individual shareholders.

Also, shareholders can simultaneously be employees of the corporation. Salaries paid to them are tax-deductible expenses for the corporation. Hence, the corporation's taxable profits are lowered. The individuals receiving salaries pay ordinary income taxes on those salary amounts.

For more information about corporations, contact:

Corporate Division  
Oregon Department of Commerce  
158 12th St.  
Salem 97310  
phone (503) 378-4166

## Assumed name

Any business with an assumed name, no matter what form this takes, must be registered with the Corporate Division. An assumed name is any name other than your own name (first or first initials, and last), plus some words that describe your business. Any name with wording that implies additional owners (such as "Company" or "and Sons") is an assumed name.

A one-time fee will be charged of \$5.00 plus \$1.50 for each county in which you plan to conduct business. The division is available to answer your questions. Contact:

Corporate Division  
Oregon Department of Commerce  
158 12th St.  
Salem 97310  
phone (503) 378-4166

## Publications

The Economic Development Department publishes an excellent booklet called *Doing Business in Oregon*. It gives a good overview of how to set up your business in Oregon, the taxes that are involved in running a business, the environmental regulations a business must observe, and the business incentives that are offered by the State of Oregon. This publication is available free of charge from:

Economic Development  
Department  
595 Cottage St. NE  
Salem 97310  
phone (503) 373-1200

This department also publishes two other booklets that you might find helpful. *Starting A New, Small Business* gives a brief overview of the different agencies that you'll need to contact when you start your business.

*Federal and State Financing Programs* lists the programs that are available to finance businesses in Oregon. It lists the program, the terms, the restrictions, and which agency to contact. Both publications are available free of charge from the Economic Development Department.

There is also a toll-free number to use to contact State agencies, 1-800-452-7813.

## Small Business Administration (SBA)

For information on small businesses and the management of small businesses, contact the U.S. Small Business Administration. SBA has a package of information available that includes a list of management publications available free of charge—one of them tells you how to obtain a business loan through the SBA. The Oregon address is:

U.S. Small Business  
Administration  
1220 SW Third Ave., Room 676  
Portland 97204-2882  
phone (503) 221-2682

## Federal Government requirements

**M**ost Federal Government requirements pertaining to small businesses relate to taxes.

## Employer Identification Number

An application for an Employer Identification Number (Form SS-4) must be filed with the U.S. Internal Revenue Service (IRS) office where

your Federal tax returns will be filed.

You are required to file this form if both of these points are true:

1. You have never received one of these identification numbers before.
2. You pay wages to one or more employees, *or* you're required to have such a number (even though you don't employ anybody) when you file a return, statement, or some other document.

Some banks, for example, require an Employer Identification Number to open a commercial bank account.

To determine whether your business is required to file Form SS-4, contact the Internal Revenue Service.

If you are in Portland, Eugene, or Salem, the toll-free number is 1-800-452-2838. Elsewhere in Oregon, the toll-free number is 1-800-424-1040. To receive free forms, the toll-free number is 1-800-522-1996.

When do you file the Form SS-4? If you pay wages, file it on or before the seventh day after the date on which your business begins. In any event, file it in sufficient time to receive the identification number so that you can include it in any document that calls for it.

We recommend that you file for your Employer Identification Number *after* the assumed name for your business has been approved by the Corporate Division. If you file for the number before the assumed name is finalized—and some other business in Oregon already has that same assumed name—your Employer Identification Number will be invalid.

## Federal tax guides

The Federal Government provides a number of booklets to help you prepare your tax statements correctly. Those that provide basic tax information for your business are free from the Internal Revenue Service.

*Employer's Tax Guide* (Publication 15, Circular E) tells you about your tax responsibilities for employees. It explains the requirements for withholding, depositing, reporting, and paying taxes; it explains what forms an employer needs; and it contains the tax tables you'll need to figure the taxes to withhold.

The most important of these are Forms W-4, 940, and 941. Form W-4 is the Employee's Withholding Allowance Certificate that your employee fills out. You use this to figure the employee's withholding tax.

Form 940 is the Employer's Annual Federal Unemployment (FUTA) Return. Use it for your annual reporting of tax under FUTA. This tax is paid only by the employer.

Form 941 is the Employer's Quarterly Federal Tax Return. It reports income tax you withheld from wages, tips, pensions, annuities, supplemental unemployment compensation benefits, certain gambling winnings, and third-party payments of sick pay.

Another good source of information is the *Tax Guide for Small Business*, Publication 334. It discusses the organization, activity, and assets of your business; calculating gross profit and net income (or loss); and disposing of business assets, credits, and other taxes. It also provides examples of filled-in forms.

This publication has a table that summarizes the taxes that may be liable for a sole proprietor, a partner, a Subchapter S corporation shareholder, a regular corporation, or a Subchapter S corporation. The table also lists the forms to use and the dates the forms are due.

For more information on the due dates for forms, obtain a copy of Publication 509, *Tax Calendars* (available free of charge). *Your Federal Income Tax*, Publication 17, may be helpful. It takes you step by step through Form 1040 and the supplemental forms, including those related to your business. There are also examples of filled-in forms. It's also available free of charge.

## State government requirements

**T**he State of Oregon has requirements that cover different aspects of a business. The areas we include are: State taxes, Unemployment Insurance Tax, workers' compensation, OSHA regulations, onpremise signs, licensed occupations, environmental quality standards, packaging, and weights and measures.

### State taxes

To manage your business properly, you need to know what State taxes you will be required to pay. The State of Oregon does not impose a sales tax, documentary transfer tax, or any direct levies on intangible property such as stocks, bonds, or securities.

Local government units derive most of their operating funds from taxes on land, buildings, tangible personal property, and license fees. The State receives its major source of income from the personal income tax and the excise tax on corporations.

Most businesses are also required to make contributions to the State's unemployment compensation trust fund, in addition to providing workers' compensation insurance for their employees.

The following discussion does not deal with every possible area of taxation in the State. However, it does provide a brief survey of the important taxes that will be of major interest to you as an Oregon business owner.

As we stated earlier, your income from a single proprietorship or a partnership is taxed as ordinary income on your personal income tax forms. The State legislature has adopted the Federal definition of taxable income, with some modifications.

The form to file with the Oregon Department of Revenue is either Form 40, 40S (short form), or 40NR (nonresident). A copy of Federal Form 1040 is required with Oregon Form 40 or 40NR. The money collected from these taxes goes to the State General Fund.

The Oregon excise tax on corporations is 7.5% on the net income of all corporations doing business in the State, except specifically exempt corporations (religious, charitable, social, or educational).

Corporations file Form 20 with the Oregon Department of Revenue. Returns are due on the fifteenth of the fourth month after the end of the corporation's tax year. Tax estimates are required of corporations that expect to have tax to pay of \$500 or more. The money collected from these taxes goes to the State General Fund.

For corporations operating in more than one State, Oregon generally follows the Uniform Division of Income Tax Purposes Act in apportioning net income in Oregon.

There are several publications available to give you more information about Oregon taxes. *A Summary of Oregon Taxes* gives a brief overview of the types of taxes assessed in Oregon, which law specifies the tax, who pays it, how to calculate the tax rate, how much tax is collected, where the tax money goes, how the tax is paid, and the agency in charge of the tax.

Another good source of information for you may be *Information for Oregon Employers*. This booklet gives information on the withholding tax, the employment tax, worker's compensation insurance, the Internal Revenue Service, the Multnomah County business income tax, and the transit district taxes (Portland metropolitan area and Lane County). See page 11 for details on county taxes.

Both are available free of charge from:

Oregon Department of Revenue  
Revenue Bldg.  
955 Center St. NE  
Salem 97310  
phone (503) 378-8001

Their toll-free number is 1-800-452-2838.

Also available through the Oregon Department of Revenue is *Incentives for Economic Development in Oregon*, which lists the various property tax exemptions and the income tax credits and exemptions.

*Information for Oregon Employers* includes an important form that must be filed by all businesses in the State, the Combined Employer's Registration Report. This combines Oregon withholding tax and transit taxes and the Oregon employment tax.

One copy is to be sent to the Oregon Department of Revenue, and one copy is to be sent to the Employment Division. A copy of this form is available from:

Oregon Department of Revenue  
Box 14800  
Salem 97310

The property tax in Oregon is used entirely for the support of public schools, cities, counties, and special districts. No property tax has been collected to finance state needs since 1940.

The property tax applies to homes, farms, stores, factories, warehouses, professional and commercial offices, and other types of privately owned real estate. Personal property held for the use and enjoyment of an individual is exempt from taxation.

However, machinery and equipment and other items of personal property used in a business are subject to taxation. Inventories (consisting of raw materials, goods in process, finished products) and most farm machinery and equipment were totally exempted as of 1980.

## Unemployment Insurance Tax

When you send your Combined Employer's Registration Report to the Employment Division, it registers you as an employer and thus subject to paying the Unemployment Insurance tax. The fund from which the benefit payments are made is composed exclusively of the taxes on payrolls of Oregon employers covered by the Unemployment Insurance Law, and of the interest earned on this trust fund.

Employees do not contribute to the fund, and the employer is prohibited by law from withholding any part of an employee's wages for this purpose. The quarterly taxes that the Employment Division collects are deposited in the U.S. Treasury.

This money can only be used to pay benefits to Oregon workers. Some Federal Unemployment (FUTA) taxes paid by employers to the IRS help to pay for the administration of the program.

Most employees in Oregon are covered by the Employment Division Law for the payment of unemployment insurance benefits. Major exceptions are employees on smaller farms (those with under \$20,000 payroll in all quarters), domestic service in private households that pay less than \$1,000 payroll in all quarters, and church and religious organizations.

Except for the agricultural labor and domestic service employees, an employer is subject to the Employment Division Law, Chapter 657, Oregon Revised Statutes, if he or she employs one or more individuals in employment covered by the law in each of 18 weeks during any calendar year, or where the payroll amounts to \$225 in any calendar quarter.

The factors that enter into the determination of the tax rates for employers are:

1. fund adequacy, determined by relating the amount of money in the Unemployment Insurance Trust Fund to the potential amount of benefits payable during a recession year;
2. the employer's benefit ratio, determined by dividing (a) benefits paid to, and chargeable to, the employer during the most recent 3 years by (b) the employer's taxable payroll during the 3-year period; and
3. a comparison of the employer's benefit ratio to the benefit ratio of all other employers.

The tax rate may vary from a minimum of 2.2% to a maximum of 4.0%, depending on the condition of the trust fund. Every new employer who is liable or chooses (if the law permits) to pay the unemployment insurance tax is assigned a rate of 3.5%.

The tax is paid on the first \$12,000 of wages paid to each employee. This rate continues in effect until the employer, by reason of experience rating (charges for benefits paid to former employees) is entitled to a lesser or greater tax rate.

To establish a valid claim, the unemployed worker must:

1. have worked in a job covered by law for at least 18 weeks during the first 4 of the last 5 complete calendar quarters before filing of the claim; and
2. have been paid a minimum of \$1,000 or more as wages during the base year.

When one of your employees files a claim, you will be sent Form 220. This form is used by the local office to make eligibility determinations. Although the forms the employee completes are designed to determine eligibility, the employer's information is very important.

If a former employee makes a claim for unemployment insurance benefits, all or a portion of that claim will be taken out of the taxes you have paid. If there are several employers, then the charges are in proportion to wages paid. Table 1 is an example of charges to three employers, assuming an employee makes \$15,000 in a base year and is entitled to \$1,500 in benefits.

If a claim is made that you feel is unfair, you may request a hearing. Relief of the charges can lower your tax rate. The less an employer pays out in benefits, the lower the tax rate.

The Employment Division publishes an excellent booklet, *Unemployment Insurance: Employers Handbook*, available free of charge from:

Department of Human Resources  
Employment Division  
875 Union St. NE  
Salem 97310  
phone (503) 378-8420

or from your local Employment Division office.

The Employment Division not only pays out unemployment insurance benefits, but it can also provide employment services to you as a business owner. It offers prescreened referrals to meet your job vacancy needs.



Table 1.—Example employer costs for unemployment insurance benefits

	Wages paid by employer			Employer X's	
	X	Y	Z	Payment share	% of benefit payment
Example A	\$15,000	—	—	\$1,500	100
Example B	10,000	\$5,000	—	1,000	66
Example C	5,000	4,000	\$6,000	500	33

It prescreens applicants who reply to newspaper help-wanted ads and offers affirmative action assistance. Employers can gain access through a computerized job bank to the largest pool of skilled applicants in Oregon or throughout the United States. There is also labor market information available to you at the local, state, or national level.

## Workers' compensation

Nearly all employers doing business in Oregon are subject to the Oregon Workers' Compensation Law and must obtain workers' compensation insurance. Assuming you are covered by the law, you may meet the requirement by purchasing workers' compensation coverage from any commercial insurance company qualified to write compensation insurance, or from the State Accident Insurance Fund (SAIF). Under certain circumstances, you may also provide independent coverage as a self-insured employer.

Insurance premium rates are set by the National Council on Compensation Insurance, and these rates are approved by the Oregon Insurance Commissioner. Premiums are calculated as total payroll multiplied by an employee's "exposure rating percentage."

This percentage is based on the risk assessment of the job. For example, a secretary might have an exposure rating of .35%, a retail clerk 2.0%, a farm worker 5.0%, and a logger 28.0%. Using these exposure ratings, we calculated example annual premiums that an employer would pay.

Assuming a \$10,000 payroll per year, the premiums paid for a secretary would be \$35; for a retail clerk, \$200; for a farm worker, \$500; and for a logger, \$2,800.

There is also a day-to-day rule that allows the exposure rating to vary as employees change from one task to another, but you must maintain detailed records to apply this rule to your business. The premiums are paid on a monthly, quarterly, semiannual, or annual basis, depending on the size of the premiums to be paid.

Workers' compensation coverage provides all medical expenses as well as payments to workers who become occupationally injured or diseased and are temporarily or permanently unable to work. It also provides for payment to dependents if the worker dies as a result of occupational injury or disease.

Part of your payment to your compensation insurance carrier is transferred to the Workers' Compensation Department. The most recent rates have been 14¢ a day withheld from your employee's wage and 12¢ a day for each employee that you, the employer, pay. These rates are subject to change by the Workers' Compensation Department.

The payroll deduction taken from your employee's wages is used to increase benefits to those already disabled, to support efforts to encourage employers to hire injured workers, to support a workers' center at Wilsonville that helps injured workers, and to support the Handicapped Workers' Reserve Fund.

The money you pay per day for each employee is used to increase benefits to workers already disabled and is used to support the Handicapped Workers' Reserve Fund.

Employers are encouraged to comply voluntarily with the State and Federal safety and health standards to provide safe work areas for their employees. For this purpose, you can use free consultative services provided by your workers' compensation insurer and the Oregon Workers' Compensation Department. The objective is to eliminate workplace hazards.

You can obtain detailed answers for employers about workers' compensation questions and a copy of *Oregon's Benefits for Injured Workers* by writing:

Workers' Compensation  
Department  
Labor and Industries Bldg.  
Salem 97310  
phone (503) 378-3302

Contact your local SAIF office for their booklet, *Workers' Compensation: What You Need to Know*. We also suggest you contact various insurance companies and SAIF to find which has the most competitive rate.

## Oregon Occupational Safety and Health Code

The Worker's Compensation Department is also responsible for the enforcement of this code. As an employer, you are responsible for the safety and health of your employees at the workplace. There are specific health and safety regulations that you must comply with, according to the type of business you own.

When you start your business, contact the Workers' Compensation Department for a list of requirements and regulations that apply to the business:

Workers' Compensation  
Department  
Accident Prevention Division  
204 Labor and Industries Bldg.  
Salem 97310  
phone (503) 378-3272

You must keep a record of all accidents at the workplace if you employ 10 or more workers or if the department asks you to do so for statistical analysis.

If a high number of accidents occur in a business (compared to the

number of accidents at similar businesses), a safety committee must be formed. It is comprised of equal numbers of employer and employee representatives.

The safety committee is responsible for establishing procedures for workplace safety inspections and for conducting such inspections; establishing procedures for investigating all safety incidents, accidents, illnesses, and deaths; and evaluating accident and illness prevention programs.

Employees are also responsible for safety on the worksite. They should notify you of any hazardous or potentially hazardous situations. They must report all illnesses, accidents, or deaths to you immediately. The basic principle is that you and your employees work *together* to make the workplace safe.

## Onpremise signs

Oregon's rules for onpremise signs are found in the Oregon Motorist Information Act of 1971 (ORS 377). The rules were influenced by the Federal Highway Beautification Act. We've tried to simplify here what may at first seem like a complicated subject.

Your business may also be covered by municipal or county sign rules; we have not attempted to discuss these here.

*The State rules are concerned only with signs visible to a State highway and on premises that are at least partly within 660 feet of the highway right-of-way.*

Included in the "State highway" system are all U.S. and U.S. Interstate routes. Within city limits, the rules only apply to onpremise signs that are within 660 feet of the highway right-of-way.

There are two key points you need to remember with respect to State sign rules:

1. Unless it is an exempt sign (discussed later), you cannot erect an onpremise sign that is subject to the signing rules without first obtaining a permit from the Highway Division.
2. You may not erect that onpremise sign unless it meets the rules in *all* respects.

The term *erect* refers to more than just new signs. It also includes:

1. reconstructing or replacing a sign *destroyed* by natural causes,
2. changing the location or size of a sign, and
3. replacing a part of a sign (unless noted in the following exceptions).

Erection of a sign under the State rules does *not* include:

1. ordinary maintenance, repair, or repainting of a sign;
2. any change in sign legend by use of removable lettering or repainting;
3. replacing a part of a sign damaged but *not* destroyed by *natural* causes; or
4. repairing or completely reconstructing a sign damaged *or* destroyed by *nonnatural* causes such as vandalism, collision, or fire.

The sign must be substantially the same after repair or replacement as it was originally.

After an onpremise sign permit is issued, the sign must stay in compliance with all subsequent rule changes that apply to your business location. If the permit for a sign is revoked, you must remove that sign.

**Exempt signs.** The requirement for a permit is exempted for certain signs that you may use in your business. Some examples:

1. You may display signs not exceeding 4 square feet if they show direction, provide instructions, or indicate the location of places such as restrooms and freight entrances.
2. You may show a for sale sign on your premises if you are selling the real estate.
3. You may post signs warning of hazards or danger on your premises (including warnings against hunting, fishing, or trespassing).
4. Agricultural signs are exempt, but note the conditions in the next two paragraphs.

Agricultural signs must be temporary and must show the way to agricultural products. The agricultural products must be sold on the premises where they were produced, and the signs must be on the private property where the product is grown.

Your agricultural signs must not be more than 4 feet high (excluding supports) and not more than 8 feet long. No more than two signs may be visible in any one direction on the highway for each agricultural location. In addition, you must remove the signs when the sale of the product is completed.

In general, your exempt signs must comply with local rules, be attractive, and be in good repair. They must be capable of withstanding wind pressure of at least 20 pounds per square foot of exposed area.

Exempt signs, in addition, *must not*:

1. resemble traffic control devices;
2. obstruct traffic control devices or intersections;
3. flash, move, or carry bright lights;
4. be attached to a natural feature (such as a rock or tree);
5. advertise something not available; or
6. be attached to a vehicle or trailer unless you use the vehicle or trailer for transportation.

**Applying for your permit.** File your application with the Permit Unit of the Highway Division. It covers all signs to be located on a single premise. You'll need to file this application on a form prescribed by the Permit Unit and enclose with it all supporting material and information specified by the form.

You must keep on your premises all permits applicable to any signs on the premises; they must be available for inspection by the division at any time during business hours.

No fee is required for any sign in existence before March 1, 1974, even though you need to place an existing sign under permit, provided you do not reconstruct or relocate the sign.



V-type signs, double-faced signs, and two or more signs designed as an integral unit and affixed to the same standard or support are considered to be single signs.

The application fee for changing, reconstructing, or moving a sign, for which you have previously been granted a permit that is still in effect, is the same as for a new sign.

The division may, at its discretion, issue a single permit covering all signs on your premises, or it may issue separate permits covering one or more individual signs—or all signs on the premises that you own.

Any permit remains valid and in effect indefinitely for each sign that it covers, unless:

1. the Highway Division revokes the permit, in whole or in part;
2. your sign violates any Federal or State law or regulation that applies without a grace period; or
3. you changed, reconstructed, or moved your sign in a way that required a permit—but you didn't get a permit.

The fee you pay when you apply for your permit depends on the cumulative square footage of sign area (the total of all the sign areas added together) for all your signs that are subject to the permit fee. Table 2 shows how that is determined.

If you transfer interest in the premises or the signs, the new owner, lessee, operator, or owner of the signs must notify the Permit Unit of the division of this transfer within 30 days after it occurs.

There are several publications that can help you deal with these sign regulations. *Rules for On-Premise Signs* describes the rules for onpremise signs visible to the traveling public from State highways. *Motorist Information Act, Oregon Revised Statutes 377*, defines the Oregon sign laws. *Regulations for Exempt Signs* describes conditions under which you can erect exempt signs.

Table 2.—Oregon Highway Division method of computing permit fees for onpremise signs

Cumulative sign area <sup>a</sup>	\$10 base fee plus additional fee of
Up to 500 square feet	\$10.00
More than 500 but less than 1,000 square feet	25.00
More than 1,000 square feet	50.00

<sup>a</sup>This does not include any exempt signs on your premises.

These publications and an application for onpremise signs are available without charge from:

Oregon Department of  
Transportation  
Highway Division, Permit Unit  
208 East Salem Highway Bldg.  
PO Box 14030  
Salem 97310  
phone (503) 378-2636

The Permit Unit encourages you to contact them about any questions you may have for your specific situation.

## Licensed occupations

There are some occupations in Oregon that require a state license to operate, such as insurance and real estate. *Directory of Licensed Occupations in Oregon* tells you which occupations these are. It lists the name, address, and telephone number of the licensing agency that can supply whatever information is needed.

There is also a toll-free number system used for contacting the various agencies. This publication is available free of charge from:

Employment Division  
Department of Human Resources  
875 Union St.  
Salem 97310  
phone (503) 378-8140

The directory, however, does not include a list of city or county licenses or permits. You should contact your local governments to obtain information about city or county (or both) licensing, inspection, and permit requirements (see page 11).

## Environmental quality

The Oregon Department of Environmental Quality (DEQ) is responsible for the statewide regulation and control of air, noise, water, and solid waste pollution. The only exception is Lane County, where the Lane Regional Air Pollution Authority is responsible for regulating and controlling most industrial sources of air pollution.

The Air Quality Division of DEQ is responsible for controlling the air pollution from commercial and industrial businesses, parking facilities, highways, airports, motor vehicles, field burning of grass seed straw, and residential open burning.

Permits are required for construction and operation of industrial and commercial facilities and for parking facilities, airports, and highways that have a significant amount of vehicular traffic. In the Portland area, private automobiles and most trucks must pass a biennial emissions test to continue the vehicle registration.

The Air Quality Division has a Noise Control Section that is responsible for controlling excessive noise from industrial and commercial businesses, and from motor vehicles. Permits are not required to construct or operate industrial or commercial facilities, but the Noise Control Section encourages a voluntary preview of construction plans.

This preview will help to avoid enforcement action against the business after construction and/or operations begin. The noise level of an industrial or commercial business is measured at the nearest residential area.

If you own any Oregon business with operations that might involve air and waste contamination, contact the Department of Environmental Quality for specific information

about certification and (if you need them) permit requirements for the emission, discharge, or disposal of wastes in Oregon. In Portland, call 229-5696. For areas outside Portland, call (toll-free) 1-800-452-4011 or contact your local DEQ office.

## Packaging

Any repackaged item you offer for sale must conspicuously specify on the package label the contents and the name and address of the manufacturer, packer, or distributor. The name must be the actual name under which your business is conducted. The only exceptions are items you pack in the presence of the consumer.

A declaration of quantity (in exact ounces, pounds, grams, etc.) must include appropriate declaration of the measure, count, and size of the individual units unless a declaration of weight alone is fully informative. All information that is required to appear on a consumer package must be in English and clearly printed.

Agricultural commodities transported from the owner's fields to warehouses for storage, processing, grading, or packaging are exempt from the regulations.

In addition, it is illegal for you to sell or offer for sale horticultural products in used packages or containers unless you first clean them of all foreign matter and substances so they are in all respects sanitary.

You must remove entirely all previous markings, brands, grade markings, labels, trademarks, names, and addresses; deface them to destroy their legibility; or make them illegible by turning the container or package inside out. This part does not apply to transportation from an agricultural field.

Specific references are contained in *Oregon Revised Statutes Chapter 632* (ORS 632.900 to 632.985 define the grades and standards for inspection and classification of agricultural products) and *Oregon Administrative Rules 603-51* (these define the grade standards for Oregon produce).

The regulating agency to contact is:

Oregon Department of Agriculture  
Commodity Inspection Division  
Agriculture Bldg.  
635 Capitol St. NE  
Salem 97310  
phone (503) 378-3774

## Weights and measures

Scales that you use to sell commodities or services by weight must be licensed annually with the Oregon Department of Agriculture. This includes, but is not limited to, the following types of weighing equipment:

- produce scales (hanging or countertop);
- price-computing scales;
- portable platform scales (for weighing sacks, baskets, bins, etc.);
- built-in, floor, or "dormant" scales (for weighing pallet loads, tote boxes, etc.);
- single animal scales (for weighing one head of livestock at a time);
- livestock scales (on farms, ranches, and at stock-shipping points);
- motor truck scales; and
- hopper scales (for loose bulk commodities, grains, seeds, nuts, etc.).

Your packaged products must bear a declaration of the correct identity, responsibility, and *net* contents (actual weight of the product—not the weight of the package) expressed in clear units of measure, as provided for in the department's Weights and Measures Packaging and Labeling Regulations (OAR 603, 27-105 through 27-165).

Products you want to sell in bulk form (firewood, liquid fertilizer, landscaping materials), but which you don't weigh or measure on a licensed scale, must be accurately represented as to the quantity delivered in terms of the appropriate unit of measure. You'll find these units in the department's Weights and Measures Method of Sale of Commodities Regulations (OAR 603, 27-200 through 27-400).

Generally, State regulations require that commodities you sell in

liquid form must be sold only by liquid measure or weight. With some exceptions, commodities not in liquid form must be sold only by weight, measure of length of area, or count.

These provisions do not apply to:

- commodities you sell for immediate consumption at your business location;
- vegetables you sell by the head or bunch;
- commodities in containers standardized by the laws of Oregon or of the United States;
- commodities in a packaged form different from the form in which the average consumer would expect to find it;
- concrete aggregates, concrete mixtures, and loose solid materials (earth, soil, gravel, crushed stone, and like substances) that you sell by cubic measure; or
- unprocessed vegetables and animal fertilizer that you sell by cubic measure.

It is the express purpose of Oregon regulations to establish statutory authority for the administration, regulation, and enforcement of weights and measures requirements generally within the State. As a guide to your business practices, the objectives of State supervision of weights and measures include the following:

1. assuring that weights and measures in commercial service within the State are suitable for their intended use, properly installed, accurate, and regularly maintained;
2. preventing unfair dealing by weight or measure in any commodity or service advertised, packaged, sold, or purchased within Oregon;
3. making available to all users of physical standards or weighing and measuring equipment the precision calibration and certification capabilities of the department's weights and measures facilities;

4. promoting uniformity, to the extent this is practicable and desirable, between weights and measures requirements of Oregon and those of other States and of Federal agencies; and
5. encouraging desirable economic growth while protecting the consumer through the adoption of weights and measures requirements, as necessary, to insure equity between seller and customer.

The Weights and Measures Division of the Oregon Department of Agriculture may inspect and test weight and measure instruments to determine if they are accurate. The division may do this as often as it considers necessary and will test instruments at your request. With few exceptions, a security seal signifying division approval must be attached to all weights and measures devices.

Finally, all weights and measures instruments used for commercial purposes in Oregon must be licensed by the Division of Weights and Measures. Specific references are contained in *Oregon Revised Statutes Chapter 618* (which defines the weights and measures laws for the State of Oregon) and *Oregon Administrative Rules 603-27* (a chapter of Oregon Administrative Rules adopted by the Department of Agriculture).

You can obtain license forms and information on scale inspection in Oregon from:

Oregon Department of Agriculture  
Weights and Measures Division  
635 Capitol St. NE  
Salem 97310  
phone (503) 378-3792

## Local government requirements

**M**ost local and county governments have their own requirements for businesses. For this publication, we have chosen Portland, Eugene, and Salem as examples.

### Portland

A business license is required if you are doing business in the City of Portland. You must also observe zoning requirements. To pinpoint which requirements apply to you, obtain a copy of the legal description of the property where you plan to do business.

If your business address is also your residence address, you need a Home Occupation Permit. Another type of permit is required if your business deals in secondhand merchandise or if you lease, sell, or operate amusement devices. You can obtain more information from:

Bureau of Licenses  
1120 SW 5th Ave.  
Room 1206  
Portland 97204  
phone (503) 796-5157

Multnomah County has a county business income tax, but you don't pay it to the county. The Oregon Department of Revenue administers and collects the tax, which is .6% (.006) of the net income from businesses operated within Multnomah County. The money is used by the county government to provide services to county residents.

All businesses in Multnomah County are subject to the tax. Partnerships and corporations cannot pass income on to each partner or shareholder to avoid paying the tax. If your gross receipts are less than \$10,000 per year, both in and out of Multnomah County, you are exempt from paying the tax.

For more information and for forms, contact the Oregon Department of Revenue, Salem 97310, phone (503) 378-3745, or refer to *Information for Oregon Employers*, available at no charge from the department.

You may be subject to another tax if you do business in the Portland metropolitan area (Multnomah, Clackamas, and Washington counties). This tax is on the self-employment earnings of taxpayers doing business or providing services in the Tri-County Metropolitan Transportation District (Tri-Met). The money collected helps fund mass transit within the district. The rate is .6% (.006). The Oregon Department of Revenue collects the tax for Tri-Met.

Any individual taxpayer who has self-employment earnings from a business in the Tri-Met district must pay the tax. However, a partnership may file and pay on behalf of all individual partners.

Anyone living outside the Tri-Met district who does business in the district, and anyone working within the Tri-Met district whose earnings are not subject to Oregon withholding tax, must pay the self-employment tax.

People who do not have to pay the tax are those who have no self-employment earnings within the district.

For more information on this tax, phone the Oregon Department of Revenue: Portland, 224-8050; Salem, 371-2244; Eugene, 345-7577; elsewhere in Oregon, 1-800-452-2838; and outside Oregon, (503) 371-2244. If you're not sure whether you're in the Tri-Met district, call Tri-Met at (503) 233-3511.

There is a transit payroll tax imposed on nearly every employer who pays wages for services performed in the Tri-County Metropolitan Transportation District (Tri-Met) and in the Lane County Mass Transit District (LTD). These taxes provide revenue for the two mass transit systems (Tri-Met for the Portland area; LTD for the Eugene-Springfield area).

All employers who pay wages in the Tri-Met or LTD district and who are not exempt must register and must file with the Oregon Department of Revenue. If you do not have employees performing work within transit district boundaries, the payroll is not subject to the transit tax.

Reporting and paying of the transit taxes are done quarterly or semiannually. The tax is paid to the Oregon Department of Revenue. The transit tax is imposed directly on the employer and is imposed only for the amount of the gross payroll.

For more information, contact the Oregon Department of Revenue or refer to *Information for Oregon Employers*, available through the Oregon Department of Revenue.

## Eugene

An excellent source of information for local business requirements is the Eugene Area Chamber of Commerce. Their publication, *Eugene, Oregon: Community Profile*, lists agencies, addresses, and telephone numbers that you would need if you plan to start a business in Eugene.

For example, not only is a business license needed, but there is also a Downtown Development Business Tax that might apply to your business. For more information, contact:

Eugene Area Chamber of  
Commerce  
1401 Willamette St.  
Eugene 97401  
phone (503) 484-1314 or  
City of Eugene  
777 Pearl St.  
Eugene 97401  
phone (503) 687-5033

## Salem

The Salem Area Chamber of Commerce has a publication for you if you want to start a business there. They also have a business hot line available to help you, (503) 581-1468. For more information, contact:

Salem Area Chamber of  
Commerce  
220 Cottage St. NE  
Salem 97301  
phone (503) 581-1466

---

**The Oregon State University Extension Service** provides education and information based on timely research to help Oregonians solve problems and develop skills related to youth, family, community, farm, forest, energy, and marine resources.

**Extension's agriculture program** provides education, training, and technical assistance to people with agriculturally related needs and interests. Major program emphases include food and fiber production, business management, marketing and processing, and resource use and conservation.

---

**This publication** was prepared by Elizabeth Woodley, educational project aide, and Larry Burt, Extension economist, Department of Agricultural and Resource Economics, Oregon State University.

---

Extension Service, Oregon State University, Corvallis, O. E. Smith, director. This publication was produced and distributed in furtherance of the Acts of Congress of May 8 and June 30, 1914. Extension work is a cooperative program of Oregon State University, the U.S. Department of Agriculture, and Oregon counties.

Oregon State University Extension Service offers educational programs, activities, and materials without regard to race, color, national origin, sex, or disability as required by Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973. Oregon State University Extension Service is an Equal Opportunity Employer.

---