

BUSINESS INCOME TAX AGREEMENT

This agreement is between Multnomah County, a home rule political subdivision of the State of Oregon (County), and the City of Gresham, the City of Troutdale, the City of Fairview, and the City of Wood Village, municipal corporations (Cities).

a. County Ordinance 121 (April 15, 1976), codified as Multnomah County Code (MCC) 5.70.005 et seq., establishes a business income tax and imposes a 0.6 percent tax rate on taxable income. Section 11 of that ordinance provides that County and cities having territory within County may, by written contract, agree to terms and conditions by which revenue derived from County's Business Income Tax may be shared with such cities.

b. County and Cities entered a written agreement on October 25, 1977, sharing such revenue effective July 1, 1977. County and Cities have substantially complied with the terms and conditions of that agreement since fiscal year 1977-78.

c. County Ordinance 512 (April 24, 1986) amended MCC 5.70.005 et seq. by providing for an additional 0.35 percent tax on the net income from businesses within Multnomah County effective January 1, 1986.

d. County again amended MCC 5.70.005 et seq. by County Ordinance 552 (May 7, 1987) to provide for an additional 0.51 percent tax on the net income from businesses within Multnomah County effective January 1, 1987.

e. A dispute has arisen between the County and the Cities over whether the "Cities Collective Share" as defined in the 1977 agreement includes revenues from the tax rates imposed by Ordinances 512 and 552, and over certain County administrative practices in allocating, apportioning and distributing city shares.

f. In order to resolve this dispute, County and Cities wish to adopt a new agreement governing distribution of business income tax revenue.

The parties agree as follows:

1. County shall allocate to Cities an aggregate amount of 25 percent of County gross cash receipts collected under authority of Multnomah County Code (MCC) 5.70.045(A). This amount is defined as the Cities' Collective Share. The Cities' Collective Share shall be paid out of County's cash receipts from the Business Income Tax received from the Oregon Department of Revenue in any fiscal year from tax rate levied by MCC 5.70.045(A). County and Cities agree that regardless of actual cash receipts collected under MCC 5.70.045(A) in fiscal year 1988-89 Cities's Collective Share shall be \$1,203,681.

2. The County shall apportion the Cities Collective Share into two equal subparts:

(a) One subpart shall be apportioned among the Cities in percentages equal to the quotient of the most recent total certified population for each City, as shown by the latest published supplement then maintained by the Portland State University Center for Population and Census Research, divided by the total of such certified population in all Cities.

(b) The second subpart shall be apportioned among the Cities in percentages equal to the quotient of the most recent total assessed valuation for each city, as shown by the latest data then maintained by the Multnomah County Division of Assessment & Taxation, divided by the total of such assessed valuation in all Cities.

3. County shall distribute to each City the amounts apportioned to it pursuant to paragraph 2. Distributions shall be made by the 15th of the month following County's receipt of payments of business income tax revenue from the Oregon Department of Revenue.

4. It is agreed that no allocations, apportionments or distributions shall be made in any fiscal year until County receives payment of business income tax revenue from the Oregon Department of Revenue.

5. County shall be responsible for all auditing and related functions in connection with the required allocations, apportionments and distributions.

(a) With each payment made to each City, County shall provide information including the gross amount received from the Oregon Department of Revenue from the tax levied by MCC 5.70.045(A), the amount (if any) deducted before distribution to Cities and the reason for any deduction, and the total amount distributed to the Cities to date for the fiscal year.

(b) Within 10 days of receipt of each annual audit, County shall provide each City with a certification from the County Auditor of the total amount of business income tax revenue from MCC 5.70.045(A), and the amount anticipated to be distributed to each City.

(c) County shall provide each City quarterly with a written projection of the total business income tax revenue and the amount anticipated to be distributed to each City.

6. This agreement shall take effect upon execution by the parties' duly authorized representatives, and upon entry of an order of dismissal with prejudice in City of Gresham et al. v. Multnomah County, Circuit Court No. A8803-01237. This agreement shall renew automatically on July 1 of each succeeding year as to all parties unless one of the following provisions applies:

(a) If the County's business income tax is repealed, this agreement shall automatically terminate as of the effective date of the repeal.

(b) If the County wishes to maintain its business income tax but terminate this revenue sharing agreement, County may terminate this agreement effective on July 1 of any year by giving not less than two years written notice to each city.

(c) If any City enacts a city business income tax, notice of the enactment shall be mailed to County within 10 days. County may terminate this agreement with respect to that City, effective not less than one year after enactment of the tax by the City.

(d) Any City may terminate its participation in this agreement upon six months' written notice to each of the other parties.

7. Cities declare it is the intention of their governing bodies as of the date this agreement not to impose city business income taxes. County declares it is the intention of its governing body as of the date of this agreement not to amend or repeal its business income tax. The parties recognize that such expressions of intent are limited because future or present governing bodies are required by law to retain discretion over all matters.

8. County agrees to give the Cities at least 60 days written notice prior to the first reading of any ordinance amending MCC 5.70.045(A) of the business income tax. If the County proposes an ordinance to reduce the rate established by MCC 5.70.045(A) and two or more Cities file written objections prior to the first reading of such ordinance, the reduced rate shall take effect on July 1 not less than two years after the ordinance is adopted.

9. The parties shall comply with all applicable laws in connection with this agreement.

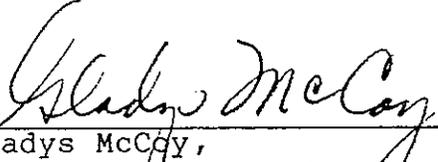
10. No party may assign its rights or obligations under this agreement, except that County may assign by written contract to the Oregon Department of Revenue its obligations in connection with allocation, apportionment, distribution, and auditing and related functions. No such assignment may affect any rights of Cities without their written concurrence.

11. This agreement supercedes the agreement between the parties dated October 25, 1977.

12. This agreement may be amended only upon the written concurrence of all the parties.

The parties have approved this agreement and caused it to be executed by their duly authorized officers.

MULTNOMAH COUNTY



Gladys McCoy,
Multnomah County Chair

7/14/88

DATE

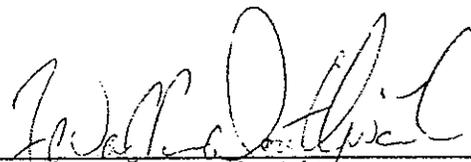
CITY OF GRESHAM



Larry Deyo,
Mayor

7-6-88

DATE



F. Wallace Douthwaite,
City Manager

7-6-88

DATE

CITY OF FAIRVIEW

Fred M. Carlson
Fred M. Carlson,
Mayor

7-6-88
DATE

Marilyn Holstrom
Marilyn Holstrom,
City Administrator

7-6-88
DATE

CITY OF TROUTDALE

Sam K. Cox
Sam K. Cox,
Mayor

7-13-88
DATE

Pam Christian
Pam Christian,
City Administrator

7-13-88
DATE

CITY OF WOOD VILLAGE

Derald Ulmer
Derald Ulmer,
Mayor

7-13-88
DATE

Sheila Ritz Arthur
Sheila Ritz Arthur,
City Administrator

7/13/88
DATE

APPROVED AS TO FORM

Thomas Sponsler
Thomas Sponsler,
Gresham City Attorney

Laurence Kressel
Laurence Kressel,
County Counsel