

BEFORE THE BOARD OF COUNTY COMMISSIONERS

FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. 628

An Ordinance directing the Chair to appoint a Citizens' Income Tax Study Committee to develop recommendations on how to implement a county income tax, and declaring an emergency.

Multnomah County ordains as follows:

Section 1. Findings

1. The possibility of establishing a county income tax is worth pursuing because of the potential of providing a more progressive taxation system and the potential of providing additional revenues for needed county services.

MORE PROGRESSIVE TAXATION BY OFFSETTING PROPERTY TAXES

2. The state of Oregon has a seriously unbalanced taxation system, with an overdependence on property tax.

3. Property taxes are an inelastic source of revenue that are subject to the six percent constitutional limit on increases.

4. The income tax is considered to be a progressive form of taxation.

5. The city of Salem is establishing a commission to study the feasibility of establishing a city income tax.

ADDITIONAL REVENUES

6. The Board of County Commissioners will be facing a number of crucial financial decisions over the next six months regarding funding of libraries, the continuing operation and possible expansion of the Inverness Jail and/or corrections alternative sanctions, the purchase of a new county building, and financing a new or remodeled juvenile detention facility or alternatives.

7. The capacity of the county citizens to absorb increases in the property tax is reaching its limit. Citizens continue to circulate initiative petitions to reduce and/or limit the further increase of property taxes. Past property tax limitation measures could have led to substantial reductions in services offered by county and city government, school districts, the Port of Portland and the Metropolitan Service District.

8. An income tax is a more elastic revenue source than the property tax.

BACKGROUND AND FEASIBILITY

9. As the tax collecting authority for governmental jurisdictions in the County, Multnomah County is in an especially appropriate position to recommend changes in the balance of taxation county citizens pay.

10. A 1977 Multnomah County Committee on Tax Alternatives studied the potential of a county income tax extensively and developed a technically feasible approach which considered issues such as impact on existing business taxes, possible rates, liability for non-residents who work in the county, property tax relief for residents who rent, distribution of revenues among other jurisdictions, method of collection, offset v. enhancement of overall revenues, and the impact on business location and relocation.

11. Having a draft ordinance establishing a Multnomah County income tax would help the Board make a prudent policy decision about sources of additional revenue or how the taxation burden could most fairly be redistributed. Without this advance work, the Board would not be able to decide to place an income tax measure before the voters in 1990.

Section 2. Order

The Board of Commissioners of Multnomah County directs that the Chair appoint a Citizens' Income Tax Study Committee to develop recommendations on how to implement a county income tax. Representatives of County Finance and County Budget should offer technical assistance. The Task Force is specifically charged with these duties:

a). The Task Force is directed to consider the 1977 Task Force report in developing their recommendations and deal with the issues raised in that report.

b). The recommendations of the Task Force should include information designed to enable the Board to implement an income tax with a resulting offset in property taxes or to implement an income tax which would result in a net increase in money available to the county. The Task Force should assume the need for stability in the revenues currently collected under the county tax base and the revenues from the current library levy and the current and proposed corrections levy.

Specifically, the recommendations should include:

(1). the amount of money generated by a range of rates of income tax (i.e. .5%, 1%, 2%)

(2). the resulting reduction in property taxes if the income tax was used purely as an offsetting revenue

c). The Study Committee shall submit its recommendations to the Board for their consideration by January 1, 1990. The Committee should work with County Counsel so that an ordinance implementing their recommendations could be included in the final report.

Section 3. Adoption

Because this Ordinance is necessary for the health, safety, and general welfare of the people of Multnomah County, an emergency is declared and the Ordinance shall take effect upon its execution by the County Chair, pursuant to Section 5.50 of the Charter of Multnomah County.

ADOPTED this 7th DAY OF September, 1989, being the date of its first reading before the Board of County Commissioners of Multnomah County.

(SEAL)

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

By

Gladys McCoy
Gladys McCoy, Chair

REVIEWED

Sandra Suffy for
Laurence Kressel, County Counsel

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