



## MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 6/9/2014)

APPROVED: MULTNOMAH COUNTY  
BOARD OF COMMISSIONERS

AGENDA # R-3 DATE 11/5/15  
MARINA BAKER, ASST BOARD CLERK

### Board Clerk Use Only

Meeting Date: 11.5.15  
Agenda Item #: R.3  
Est. Start Time: 10:45 am approx  
Date Submitted: 9/23/15

**Agenda Title:** **First Reading and Public Hearing of Ordinance Amending MCC Chapter 12 – Business Income Tax to reflect changes made by the City of Portland in recent years and certain technical changes**

*Note: Title should not be more than 2 lines but sufficient to describe the action requested. Title on APR must match title on Ordinance, Resolution, Order or Proclamation.*

### Requested

Meeting Date: Nov. 5, 2015 Time Needed: 5 minutes

Department: County Management Division: Finance & Risk Mgmt

Contact(s): Mark Campbell

Phone: 503-988-6229 Ext. 86229 I/O Address: 503/5/531

### Presenter

Name(s) &

Title(s): Mark Campbell, CFO

### General Information

#### 1. What action are you requesting from the Board?

Approval of the proposed amendments to Multnomah County Code Chapter 12. The purpose of these amendments is to reduce confusion for Multnomah County small businesses, simplify the tax filing process for these businesses, and foster administrative efficiencies in the collection of the Multnomah County Business Income Tax.

#### 2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

Under Multnomah County Code (MCC) Chapter 12, the County collects a 1.45% tax on a portion of a business' income that results from conducting business in Multnomah County (the "BIT"). The City of Portland also collects a 2.20% tax on a portion of a business' income that results from conducting business in the City of Portland. By agreement between the City and the County, City of Portland collects and administers the County BIT. The proposed amendments are to align the respective codes to make filing less of a burden on businesses and to simplify the administration of the two taxes.

Pursuant to MCC 12.600, a business may deduct 75% of the business' income paid to owners, not to exceed a per-owner amount specified in the Code. The maximum owners compensation deduction is indexed to inflation and adjusted each year. For tax year 2013, the maximum deduction was \$90,500 under both the County and City of Portland codes.

For tax year 2014, the City of Portland amended its code to increase the maximum deduction to \$100,000, while the County's deduction increased to keep pace with inflation, resulting in a maximum deduction of \$92,000 for the BIT. The proposed amendments will increase the maximum deduction for the BIT to match the City of Portland's maximum deduction for tax year 2015, and both will be indexed to inflation for future years.

**3. Explain the fiscal impact (current year and ongoing).**

The estimated fiscal impact in FY16 and future years will be an annual reduction of about \$550,000 annually.

**4. Explain any legal and/or policy issues involved.**

Under the agreement for the collection and administration of the County BIT, the City may require the County to increase the compensation paid to the City if differences between the tax laws of the two jurisdictions result in increased costs to the City. The proposed amendments reduce the differences and increase the alignment between the County and City tax laws.

**5. Explain any citizen and/or other government participation that has or will take place.**

The County worked with the City of Portland in preparing the proposed amendments.

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Required Signature

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Elected  
Official or  
Department

Director: /s/ Mark Campbell

Date: September 23, 2015

*Note: Please submit electronically. Insert names of your approvers followed by /s/ - we no longer use actual signatures. Please insert date approved.*