MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST
(Revised: 09/23/13)

Board Clerk Use Only	
Meeting Date:	4/10/14
Agenda Item #:	R.9
Est. Start Time:	11:10 am
Date Submitted:	3/26/14

Agenda Title: **RESOLUTION Approving an Extension of an IGA with the City of Portland to Collect and Administer the Business Income Tax (BIT)**

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:	April 10, 2014	**Time Needed:**	10 Minutes
Department:	County Management	**Division:**	Finance & Risk Management
Contact(s):	Mark Campbell		
Phone:	(503) 988-6229 **Ext**. X86229	**I/O Address:**	503/531
Presenter Name(s) & Title(s):	*Mark Campbell, Chief Financial Officer, Thomas Lannom and Terri Williams, City of Portland Revenue Bureau*		

General Information

1. What action are you requesting from the Board?

Approval of an extension of the intergovernmental agreement between the County and the City of Portland regarding collection and administration of the County's Business Income Tax (BIT).

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.

Administration of the County Business Income Tax (BIT) and City of Portland Business License Tax (BLT) were consolidated in 1993 to provide operational efficiencies. Prior to 1993, the County contracted with the State Department of Revenue to collect and administer the BIT. Since the consolidation both the City and County have attempted to maintain code conformity. The consolidated program has allowed businesses to follow a single set of procedures and definitions and to file a single reporting form for both the City and the County. This has simplified reporting requirements for businesses and has minimized administrative costs for the County for the past 21 years.

This agreement has traditionally been renewed for a five year term. A one year extension was approved for the current year. Over the course of FY 2014 County staff has worked with the City's Revenue Bureau to gain a better understanding of the cost drivers associated with collecting and administering the two taxes. This analysis also examined the

possibility that the County could perform these services at lower cost than the City.
Based on the outcome of the analysis, staff is recommending that the County continue the current arrangement with the City. It would cost the County at least as much, in the short term, as it is currently paying to collect and administer the BIT. In addition, staff feels there is a "good governance" aspect to this in that it would be inefficient for both entities to collect the same tax from essentially the same group of taxpayers.

The proposal before the Board of County Commissioners provides for a five year extension of the agreement (through FY 2019). The amount paid to the City by the County is fixed, with a CPI inflator, over the term of the agreement. The agreement includes a "reopener" clause effective in the third year. The reopener is designed to allow both parties to evaluate changes in cost methodology and the impact of new regulations and technologies on the overall cost of tax administration.

3. Explain the fiscal impact (current year and ongoing).
It is estimated that the County will pay the City **$1,158,264** in FY 2015. Thereafter, cost increases will be the greater of 2.5% or the Portland CPI unless both parties mutually agree to a revision of the terms of this agreement.

4. Explain any legal and/or policy issues involved.
The intergovernmental agreement meets the County's legal requirements and is consistent with County policies.

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

Required Signature

Elected Official or Department Director: _Karyne Kieta \s_   **Date:** _3/26/14_

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