



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 6/3/2014)

Board Clerk Use Only

Meeting Date: 10/22/15
Agenda Item #: R.3
Est. Start Time: 10:00 am approx
Date Submitted: 10/14/15

Agenda Title: **Informational Board Briefing on Tax Expenditure Special Report for Multnomah County 2015**

Note: Title should not be more than 2 lines but be sufficient to describe the action requested.

Requested Meeting Date: October 22, 2015 **Time Needed:** 20 minutes
Department: Non Department **Division:** Auditor's Office
Contact(s): Judy Rosenberger
Phone: x83320 **Ext.** **I/O Address:** 503/601
Presenter Name(s) & Title(s): Steve March Multnomah County Auditor; Annamarie McNiel, Performance Auditor; Craig Hunt, Performance Auditor

General Information

1. What action are you requesting from the Board?

Board Briefing

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.

This report covers Multnomah County's tax expenditures. This review was part of our 2015 audit schedule with the objectives of inventorying tax expenditures that affect Multnomah County and estimating their financial impact.

Tax expenditures decrease revenues by reducing the amount of taxes that are paid by individuals or businesses. This results in forgone revenues to the County and Library.

As defined in the State of Oregon's 2015-2017 Tax Expenditure Report, a tax expenditure "exempts, in whole or in part, certain persons, income, goods, services, or property from the impact of established taxes, including, but not limited to tax deductions, tax exclusions, tax subtractions, tax exemptions, tax deferrals, preferential tax rates, and tax credits".

In 2014 Multnomah County had several types of tax expenditures totaling approximately \$91 million. We reviewed tax expenditures arising from reductions in property, business income, motor vehicle rental, transient lodging, and motor vehicle fuel taxes. These tax expenditures are not as visible as spending programs and are not evaluated the same as direct expenditures which go through a budget process. This report begins to address transparency by inventorying the types of tax expenditures and the amount of forgone revenues for the County and Library.

The largest portion of tax expenditures flows through the County's property tax system. The State largely mandates property tax exemptions and deferrals. Generally, the County ensures compliance with State statutes but has no control over whether the tax expenditure should exist.

Tax expenditures related to other taxes such as business income, motor vehicle rental, transient lodging and motor vehicle fuel taxes are from specific exemptions, deductions and refunds with varying authority of control by the County.

We want to thank staff from the Division of Assessment, Taxation, and Recording (DART) for their assistance and cooperation throughout the audit. We also appreciate the assistance provided by the City of Portland Revenue Division within the Office of Management and Finance as well as various other County staff.

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

N/A

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

N/A

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

N/A

Required Signature

Elected Official

or Department/

Agency Director:

Steve March /s/

Oct.. 14, 2015

Date:

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