

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**ORDINANCE NO. 1154**

Amending the Business Income Tax Code, MCC Chapter 12, to Establish a Credit for Qualifying Investment Management Firms

**The Multnomah County Board of Commissioners Finds:**

- a. By Ordinance 183330, passed by the Council on November 12, 2009 the City of Portland established a pilot business retention credit to its business license tax for investment management firms as an incentive for such firms to remain in Portland. The City credit is effective for tax years beginning on January 1, 2009.
- b. A similar credit against Multnomah County business income taxes will provide further incentive for such firms to remain in Portland and Multnomah County instead of moving to surrounding cities or counties and will help promote Multnomah County as a business-friendly county and will keep or increase jobs in Multnomah County.
- c. It is estimated that 1/3 of the region's approximately 30 Investment Management Firms are currently outside Multnomah County. The goal of the credit is that the firms recruited to Multnomah County will make up the loss in revenue and prevent a greater loss to the Multnomah County general fund by retaining local firms who would otherwise move out of the County.
- d. The County's Business Income Tax is unique in the state of Oregon and a critical source of general fund revenue to the County.
- e. Investment management firms offer well-paying jobs and demand few public services. They support local restaurants and hotels when clients and companies in which they invest come to the area. Owners of Portland investment management firms provide day-to-day guidance to achieve results for both their employees and clients worldwide. Their clients are looking for national and international investment market expertise that does not require a specific business location. Investment management firms are not tied to specific infrastructure needs such as courthouses or hospitals.
- f. It is in the best interests of Multnomah County to join the City in its pilot business retention credit program to retain and attract small investment management firms whose business is managing non-real estate investments for others and who perform most or all of their work in Portland.

**Multnomah County Ordains as follows:**

**Section 1.** MCC Chapter 12 is amended as follows:

The following definition is added to § 12.100 DEFINITIONS

***INVESTMENT MANAGEMENT FIRM.*** A taxfiler entitled to receive a credit against the City of Portland business license tax pursuant to Portland City Code Section 7.02.870.

The following section is added to Chapter 12:

**§ 12.615 Business Retention Credit for Investment Management Firms**

A. Subject to the limitations in subsection C below, for the four years commencing January 1, 2009 an Investment Management Firm is entitled to a credit against the total amount of its business income tax due. The credit is determined by subtracting from the business income tax due the greater of:

1. \$4,000 times the number of owners, not including limited partners, subject to the Owner's Compensation Deduction allowed in Section § 12.600, or
2. 30 percent of the total business income tax otherwise due. If the resulting difference is a negative number, the amount of the credit will be zero. Any allowed credit not used in a particular year will not be refunded and will not be carried forward to a succeeding tax year, except as provided in subsection B.

B. For purposes of this credit, the "first tax year" would be a tax year in which the Investment Management Firm is doing business in Multnomah County and either

1. The Investment Management Firm was not doing business in Multnomah County in the prior tax year or
2. The prior tax year began prior to January 1, 2009.

C. This credit may be claimed as follows:

1. In the first tax year, the credit is limited to 50 percent of the amount calculated in subsection A. The remaining 50 percent shall be deferred and can only be claimed in the third of three consecutive tax years (in which the Investment Management Firm is doing business in Multnomah County) starting with the first tax year as defined above.
2. In the second consecutive tax year that the Investment Management Firm is doing business in Multnomah County, the credit is limited to 50 percent of the amount calculated in subsection A. The remaining 50 percent shall be deferred and can only

be claimed in the fourth of four consecutive tax years (in which the Investment Management Firm is doing business in Multnomah County) starting with the first tax year as defined above.

3. In the third consecutive tax year that the Investment Management Firm is doing business in Multnomah County, the Investment Management Firm, in addition to the full credit calculated in subsection A, can claim the 50 percent deferred credit that was calculated in subsection 1. above.
4. In the fourth consecutive tax year that the Investment Management Firm is doing business in the Multnomah County, the Investment Management Firm, in addition to the full credit calculated in subsection A, can claim the 50 percent deferred credit that was calculated in subsection 2. above.

FIRST READING: February 4, 2010

SECOND READING AND ADOPTION: February 11, 2010

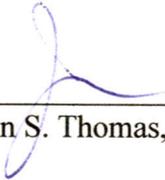


BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By   
John S. Thomas, Deputy County Attorney

SUBMITTED BY:  
Chair Ted Wheeler