Multnomah County Program #10022 - Pass	-Through Payments to East Count	v Cities	5/6/2020
Department:	Nondepartmental	Program Contact: Jeff Renfi	ro
Program Offer Type:	Existing Operating Program	Program Offer Stage: As Propo	sed
Related Programs:			
Program Characteristic	s:		

Executive Summary

This program offer accounts for Business Income Tax (BIT) collected on behalf of and passed through to the east county cities of Gresham, Troutdale, Fairview, and Wood Village. These payments are prescribed in an intergovernmental agreement (IGA) that shares revenue from the BIT. Under the terms of this agreement, the four cities share 25% of the first 0.6% of BIT collections. In March 2020, the BCC made adjustments to the BIT affecting the rate, as well as the owners compensation deduction and gross receipts adjustments.

Program Summary

The BIT is imposed on the net income derived from business activity within Multnomah County. The BIT was originally set at a rate of 0.6% of net income. In 1985, the tax was increased to 0.95%. In 1987, the tax was further increased to 1.46%. In 1993 the rate was reduced to 1.45% due to the consolidation of collections with the City of Portland's Business License Fee (BLF). The County entered into a tax sharing agreement with the four east county cities, in part to acknowledge the value of business income derived from those cities. The County acts as a fiduciary agent for the four east county cities.

In March 2020, the Board of County Commissioners increased the tax to 2.00%, and increased the owners compensation deduction and gross receipts adjustments.

Performance Measures							
Measure Type	Primary Measure	FY19 Actual	FY20 Budgeted	FY20 Estimate	FY21 Offer		
Output		N/A	N/A	N/A	N/A		
Outcome		N/A	N/A	N/A	N/A		
Performance Measures Descriptions							

Legal / Contractual Obligation

The program is mandated under terms of the IGAs with Gresham, Troutdale, Fairview, and Wood Village. The County is obligated to transfer 25% of the revenue associated with the first 0.6% BIT increment. Starting in FY 2021, the program offer assumes that East County Cities will receive a portion of net new revenue collections from the March 2020 adjustments.

	Adopted General Fund	Adopted Other Funds	Proposed General Fund	Proposed Other Funds		
Program Expenses	2020	2020	2021	2021		
Contractual Services	\$9,952,155	\$0	\$8,050,691	\$0		
Total GF/non-GF	\$9,952,155	\$0	\$8,050,691	\$0		
Program Total:	\$9,952,	\$9,952,155		\$8,050,691		
Program FTE	0.00	0.00	0.00	0.00		
Program Revenues						
Total Revenue	\$0	\$0	\$0	\$0		

The BIT pass-through is 25% of the first 0.6% of BIT collections. Starting in FY 2021, the program offer assumes that East County Cities will receive a portion of net new revenue collections from the March 2020 adjustments.

Significant Program Changes

Last Year this program was: FY 2020: 10022-20 Pass-Through Payments to East County Cities

Following the Board of County Commissioner's BIT changes in March 2020, it is assumed that East County Cities will receive a portion of net new revenues.