Multnomah County Employers,

On November 3, 2020, Multnomah County voters approved a measure to establish a tuition-free preschool program. This program is funded by a personal income tax, which went into effect January 1, 2021. The personal income tax is 1.5% on taxable income over $125,000 for individuals and $200,000 for joint filers, and an additional 1.5% on taxable income over $250,000 for individuals and $400,000 for joint filers. The rate will increase by 0.8% in 2026.

For example: A married couple with $500,000 in taxable income would pay $6,000 in tax: $0 tax on the first $200,000 of income, $3,000 on the next $200,000 of income (1.5%), and $3,000 on the last $100,000 of income (3%).

**Employers are required to offer in writing to withhold for employees as soon as their payroll system is capable in 2021.** Withholding is mandatory in 2022. Employers should automatically withhold for employees making over $200,000 per year. Employees may elect to opt in or out of withholding based on their individual tax situation using the [Metro/MULT Opt In/Out Form](https://multco.us/file/96260/download) found on our website: <https://multco.us/finance/preschool-all-personal-income-tax>

Employers should utilize the [Employer Handbook](https://multco.us/file/96262/download) to calculate withholding amounts and divide the amount by the number of pay periods. For example, if an employee is paid twice per month, their withholding amount should be divided over the 24 pay periods. Employees can opt in or out by submitting the [Metro/MULT Opt in/out form](https://multco.us/file/96260/download) to their employer and designate an amount to be withheld.

Tax withholding should be remitted the same time period as state filing requires.

The City of Portland Revenue Division will be collecting the tax on behalf of Multnomah County for the Preschool For All Personal Income Tax. All payment and filings should be sent to the City of Portland through their Portland Revenue Online (PRO) system. The system will be ready for remittance of the Preschool For All Personal Income Tax on April 1, 2021.

Portland Revenue Online:<https://pro.portland.gov/_/>

City of Portland Inquires: EmployerWithholding@portlandoregon.gov

Employers are required to submit an annual reconciliation with W-2 level employee details. Forms and electronic submission options will be available mid-January 2022 in time for the January 31, 2022 due date. Forms and links to file online can be found at: [portland.gov/revenue/pfa](http://portland.gov/revenue/pfa)

Preschool For All Program Information:<https://multco.us/dchs/preschool-all>

Preschool For All Personal Income Tax Information: <https://multco.us/finance/preschool-all-personal-income-tax>