

IN CONSIDERATION OF ORDINANCE NO. 26-1542, AMENDING METRO CODE SECTION 7.05.150 (DEFICIENCIES AND REFUNDS) TO EXTEND TAX REFUND FILING DEADLINES FOR TAX YEARS 2021 AND 2022 UNDER CERTAIN CIRCUMSTANCES

Date: April 20, 2026

Departments: Council Office,
Revenue and Analytics Division

Meeting Date: May 7, 2026

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Length: 10 min

ISSUE STATEMENT

Metro Code currently limits the timeframe in which taxpayers may claim refunds for the Supportive Housing Services (SHS) personal income tax. Metro's statute of limitations for seeking a refund aligns with State law. Some taxpayers overpaid taxes for 2021 and 2022 due to automatic withholding of wages, even though they were ultimately not liable for Metro's SHS Personal Income Tax because they did not meet the income threshold and may not be aware that they can seek a refund. They have not filed returns and are unable to claim refunds under existing timelines.

ACTION REQUESTED

Hear public comments and discuss potential adoption of Ordinance No. 26-1542 at an expected second read on May 14, 2026.

IDENTIFIED POLICY OUTCOMES

- Provide a limited opportunity for taxpayers to claim refunds for tax years 2021 and 2022.
- Increase voluntary compliance with SHS tax filing requirements.
- Improve administrative clarity and consistency in refund processing.

POLICY OPTIONS FOR COUNCIL TO CONSIDER

- Adopt Ordinance No. 26-1542 as proposed. Allows refunds for 2021 and 2022 tax years if returns are filed by April 15, 2027.
- Amend Ordinance No. 26-1542 to refine timing or language.
- Do not adopt Ordinance No. 26-1542. Modify the eligible tax years or filing deadline prior to adoption.

STAFF RECOMMENDATION

Staff recommends adoption of Ordinance 26-1542 as drafted.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

This ordinance supports Metro’s goals of equitable tax administration and improved compliance with the Supportive Housing Services tax. By providing a defined, time-limited opportunity to claim refunds, the policy balances fairness to taxpayers with administrative efficiency and program integrity.

Known Opposition/Support/Community Feedback

None known at this time.

Legal Antecedents

- Measure 26-210 (2020) established the Supportive Housing Services personal and business income taxes.
- Metro Code Chapter 7.05 (Supportive Housing Services Personal Income Tax)

Anticipated Effects

If adopted:

- Increased filing of tax returns for 2021 and 2022.
- Additional refund claims processed within the specified timeframe.
- Improved taxpayer compliance and engagement.

Financial Implications

The ordinance may result in additional refund payments for tax years 2021 and 2022. These impacts are expected to be limited and can be managed within existing program resources. No significant new administrative costs are anticipated.

BACKGROUND

The Supportive Housing Services personal income tax requires eligible taxpayers to file annual returns. Some taxpayers have not yet filed returns for the 2021 and 2022 tax years, including those who may have overpaid through employer withholding.

Metro staff recently learned that several thousand individuals had taxes withheld by their employers during Tax Years 2021 and 2022, but these individuals did not ultimately meet the income threshold necessary to owe Metro’s Supportive Housing Services personal income tax. These individuals may not be aware that they could seek a refund of overpaid income tax amounts withheld by their employers, and yet the time for seeking a refund under current Metro Code has expired for Tax Years 2021 and 2022.

Metro’s tax administrator is proactively monitoring similar situations for tax years after 2022 to ensure that individuals are aware of refund opportunities of employer withheld taxes if they are not ultimately required to pay the SHS Personal Income Tax due to not meeting the income thresholds. This ordinance extends the statute of limitations to seek a refund under limited circumstances and establishes a deadline of April 15, 2027, for filing original returns to claim refunds for those years, providing a clear, limited pathway for compliance.

ATTACHMENTS

None